



House of Commons
CANADA

Standing Committee on Aboriginal Affairs and Northern Development

AANO • NUMBER 023 • 1st SESSION • 39th PARLIAMENT

EVIDENCE

Thursday, November 2, 2006

—
Chair

Mr. Colin Mayes

Also available on the Parliament of Canada Web Site at the following address:

<http://www.parl.gc.ca>

Standing Committee on Aboriginal Affairs and Northern Development

Thursday, November 2, 2006

•(0905)

[English]

The Chair (Mr. Colin Mayes (Okanagan—Shuswap, CPC)): I open the meeting of the Standing Committee on Aboriginal Affairs and Northern Development of Thursday, November 2, 2006.

Committee members, you have the orders of the day before you. We'll be dealing with the main estimates for 2006-07 and votes 1, 5, 10, 15, 20, 25, L30, L35, 40, and 45 under Indian Affairs and Northern Development; and votes 85 and 90 under Canadian Heritage.

This morning we have the Honourable Jim Prentice, Minister of Indian Affairs and Northern Development, with us to make a presentation.

With him are witnesses from his department. We want to welcome Michael Wernick, deputy minister; Suzanne Tining, associate deputy minister; and Jim Quinn, acting assistant deputy minister of corporate services.

I would also like to acknowledge the gallery. We have a good gallery today, and welcome especially to students from the NS program. It's good to see you.

Mr. Minister, thank you very much for coming here this morning to speak on the estimates. We'll let you have an opening presentation, and then we'll carry on with questions.

Committee members, I understand the minister has to leave by 10 o'clock, so we'll deal with the minister for the first hour.

Mr. Minister.

Hon. Jim Prentice (Minister of Indian Affairs and Northern Development): Thank you very much, Mr. Chairman, and thank you for welcoming me here.

I spent quite a bit of time at this particular committee, a short time ago in a previous Parliament, so it's always nice to come back and see lots of bright young faces here this morning.

Welcome to the students. I know they're going to see a display of great patience, cooperation, and dignity from all of the parliamentarians at the table today.

Some hon. members: Oh, oh!

Hon. Jim Prentice: First, I'd like to thank you for letting me appear before you, Mr. Chair and colleagues, to discuss the main estimates of the Department of Indian Affairs and Northern Development. I'm a firm believer in scrutiny of the estimates, and

this committee fulfills a very valuable role in that function. I welcome the opportunity to talk with you and to discuss any of the specifics you wish to discuss.

Of course, I have with me three very able people from the department with whom you may wish to speak as well. Mike Wernick is the deputy minister of the department and was appointed in May. Before that he had an extensive career in the Government of Canada with the Privy Council Office, and he's doing a fine job. He will be assisted by Jim Quinn and Suzanne Tining, who are both very senior people in the department with senior responsibilities. They can certainly answer many of the questions as well.

As I begin, I should say that the executive team at the Department of Indian and Northern Affairs is one that the government and the people of Canada can take considerable pride in. It is an executive team—I know it's not a competition—that I'm always proud to say are the equal of any other executive team in government. So they're very capable people and have a tough job, but they discharge their responsibilities with great ability and integrity.

Ladies and gentlemen, the total spending in this year's main estimates of the INAC department is approximately \$6.3 billion, which is roughly 6.2% higher than last year. This spending reflects our government's firm and ongoing pledge to resolve several vaccine challenges that confront aboriginal peoples and northerners.

Specifically, the new government is determined to close the gaps between aboriginal people and other Canadians when it comes to issues such as education, housing, health care, and other key elements of healthy and fulfilling lives.

Of course these estimates do not contain the expenditures on aboriginal health. They're contained in the Department of Health's estimates, and as I recall, that's almost an additional \$2 billion, which you would find in the Department of Health, in addition to the \$6 billion we're speaking of here.

The main estimates of the Department of Indian Affairs and Northern Development reflect the government's approach to reaching goals. It's an approach based on workable solutions, targeted expenditures, and measurable results. More precisely, we focused on four specific areas.

The first is to empower individuals to take greater control and responsibility for their lives through directing investment towards housing and education.

Next, we are looking to accelerate land claims, and this work is under way at this point. I appeared last night in front of the Senate committee, which is conducting an investigation into the specific claims. They will be preparing a report, hopefully by Christmas, that will detail how they think the government should be dealing with specific claims, and I've committed to a retooling of that process.

We are also promoting economic development, job training skills, and entrepreneurship.

Finally, we are laying the groundwork for responsible self-government by moving towards modern and accountable governance structures.

When I speak of economic development, I should point out for the benefit of the committee that a number of years ago, the economic development portfolio was created for Indian and Northern Affairs. It was then taken out of the department and transferred to Industry, Trade and Commerce.

So I welcome your thoughts on this. That's something I have spoken extensively to first nations leaders about. As it currently sits, economic development is essentially the responsibility of a different government department, not INAC, and I've heard much criticism of this.

Mr. Chair, I'm convinced that this four-pronged approach represents the most prudent and effective way to put into action the resources presented in the main estimates. In fact this approach has already yielded tangible results for northerners and our first nations citizens.

Last spring the new government's first budget included \$750 million to help aboriginal peoples access supplies of safe drinking water, enhance on-reserve housing, and create both educational programs for students and social programs for aboriginal women, children, and families. The budget also set aside \$300 million to help aboriginal people and northerners build and repair affordable housing in the north, and set aside up to \$500 million over ten years to offset the potential socio-economic impacts of the Mackenzie Valley gas pipeline.

I should point out that these investments are not contained in the main estimates. To fulfill these commitments, we will use the supplementary estimates that were tabled in the House earlier this week and the main estimates for future years.

Supplementary estimates will also be used to take additional steps to enhance the quality of life in first nation communities. For instance, last week I announced that there would be an additional \$6 million available this year to help ensure that 35 department-funded family violence shelters continue to provide essential support services to women and children on reserves. I would point out that this is the first time the funding for the on-reserve shelter network has been enhanced in 15 years—the first time that's been done.

Just this past week at the Socioeconomic Forum in Quebec—some of our parliamentary colleagues were also in attendance—the government announced more than \$88 million in initiatives and investments to benefit first nations, Métis, and Inuit people in Quebec and in Labrador. In addition to these investments, a

collaborative effort began to improve the quality of drinking water available in first nation communities.

Working alongside the Assembly of First Nations, I initiated a consultative process that included the creation of an expert panel to investigate the issue and propose effective legislative solutions. Clearly there is a need for more investment in that area, and I understand that, but we also need an effective regulatory regime on a go-forward basis.

I believe a strong legislative framework is required to ensure that first nation communities enjoy greater access to safe drinking water. A strong framework will ensure consistent operating, performance, and maintenance standards, establish clear roles and responsibilities for all groups and all levels of government, and establish mechanisms to deal with failure or negligence.

Plans are also under way to establish a legislative framework in several other areas, which the committee members are aware of, including on-reserve matrimonial real property and first nations education. I won't belabour that point. I think everyone here is aware of matrimonial real property, the steps that are being taken, and the controversy that surrounds it.

Wendy Grant-John has been appointed as my ministerial representative. She is a distinguished first nation citizen, three times elected as the chief to her particular community, and I think one of the most respected aboriginal leaders in Canada. The Native Women's Association of Canada and the Assembly of First Nations are also participating to facilitate consultations and to ensure that everyone is heard.

When those consultations are finished, I intend to act on the specific legislative recommendation they bring forward and introduce it to the House, hopefully with the broad support from all of the colleagues we have at this table.

The second example of solid legislative frameworks is the tripartite agreement that will enable first nation communities in British Columbia to assume effective and meaningful control over their on-reserve elementary and secondary education. This is known as the FNEC initiative, something that I signed with the Government of British Columbia and first nations in B.C. in June of this year. I am convinced that the calibre of education delivered on reserve will improve steadily as first nation communities in British Columbia take control of such areas as curriculum, educational standards, and teaching certification.

• (0910)

In fact, Mr. Chairman, this agreement has served as an inspiration, I suppose you could say, for the recent memorandum of understanding that was signed at the Socioeconomic Forum in Quebec between the Government of Canada and the First Nations Education Council of Quebec. This memorandum of understanding will enable the two sides, and eventually the Government of Quebec as well, to improve education for students from first nations communities, to increase graduation rates for first nations students, and ensure these students can take full advantage of employment and economic opportunities available to the young.

Of all the matters we work on, education is surely the one we have to get right. It is critical in terms of moving forward and achieving real change. I am very proud of the progress we're making on the education file.

The legislative frameworks that govern MRP and first nations education are crucial to create enduring solutions. Only by modernizing the legal framework that regulates the relationship between first nations and the Government of Canada can we ensure concrete improvements in their lives and make certain that specific programs are effective.

Another area I will focus on is the finalizing of comprehensive claims and self-government agreements, specific claims, and treaty land claim settlements in addition to additions to reserves. Since assuming office, the new government has finalized a number of important settlements, some such as the Fort William First Nation's rifle range claim and other specific claims, but more importantly recently the initialling last weekend of the Lheidli T'enneh First Nation agreement in British Columbia. This is the first treaty concluded under the B.C. treaty process that was put in place 15 years ago.

There may be questions about it, but the treaty shows the way forward in British Columbia. This may be the most important development in British Columbia in the last 100 years, and other treaties will fall into place behind the Lheidli T'enneh as well.

I am a firm believer in concluding fair and honourable settlements. Settlements are about justice, reconciliation, and respect. They are about making sure we have a better future and coming to terms with the past. Each settlement clears the way to strengthen governance and to provide new economic and social opportunities.

Although this subject matter is not a land claims settlement, I can also report today that the new government took decisive action shortly after coming to office to resolve the legacy of the Indian residential school system.

Early in the year, I was pleased to announce the conclusion of the Indian Residential Schools Settlement Agreement, which is currently before the courts. This historic settlement agreement, whose commitments are reflected in the departmental spending, in the estimates, includes a variety of provisions that will acknowledge the painful experiences endured by 80,000 former residential school students and give their families an opportunity to share their experiences with all Canadians. This settlement is tangible proof that the government recognizes the importance of bringing to an end the sad legacy of the Indian residential schools and moving forward in partnership with all Canadians.

The subject of specific claims warrants mention. The department has achieved success in the resolution of many specific claims, but there remain significant challenges to be addressed in the field of specific claims. Over the last 15 years, the number of specific claims backlogged in the federal system has swollen from something in the neighbourhood of 300 claims to currently over 800 claims. This number continues to grow, and the number of claims submitted yearly by first nations greatly exceeds the number of claims that have been resolved by governments year after year over the last 10 years. As the backlog of specific claims increases, the amount of effort it

takes to resolve each claim also increases, and the value of the specific claims process as an alternative to litigation is increasingly diminished.

I have said this is unacceptable and that the specific claims process needs to be retooled so that it more effectively deals with the situation. I am not in a position today to announce the details of the action plan on specific claims. That work is under way. I have been working very closely with the department on that. I have some ideas to share with the committee about where improvements can be made. I spoke for an hour last night with the Senate committee about this.

• (0915)

We have to explore a wider set of tools such as binding arbitration and mediation. We have to streamline approval processes. We have to make sure that the authorities within my department and the Department of Justice work properly, and we have to clarify the responsibilities and roles of the Indian Specific Claims Commission.

In closing, Mr. Chairman, I realize that considerable time and diligent effort will be required for all of us to achieve these objectives, and as the main estimates for my department make clear, our work for this year will take a substantial amount of money. I can assure everyone here and my colleagues that our four-pronged approach is a focused and proven way to make clear progress towards these goals.

As minister and as head of this department, I can also assure this committee that we will follow through on the commitments we've made. We will measure our performance as we go, and we will ensure that our efforts are open, transparent, and accountable to the committee, to the House of Commons, and to all Canadians.

I'm hopeful that we can carry on with a constructive relationship with this committee on which I was pleased to serve. I welcome your advice and your input as we move forward together.

Thank you very much, Mr. Chairman. That covers a fair bit of ground, and I know it's important that we have time for questions, so I'm pleased to answer the questions of my colleagues.

• (0920)

The Chair: Thank you, Mr. Minister.

We'll have opening questions from the Liberal side. Mr. Merasty, go ahead, please.

Mr. Gary Merasty (Desnethé—Missinippi—Churchill River, Lib.): Thank you, Mr. Chairman.

First of all, I want to thank you for your presentation. It was extremely well done. I want to welcome all the young people who are here with us again. It's nice to see them here. I notice a lot of first nations and Métis leaders in attendance here as well. I welcome all of them. There are some educators here as well. It's nice to see you.

Mr. Minister, you had talked on page 7 of \$450 million. I believe that \$450 million is spread over two years, \$150 million for the first year and \$300 million for the second year. Is that correct?

Hon. Jim Prentice: That's correct.

Mr. Gary Merasty: The Speech from the Throne talked about addressing education, housing, and other social issues. Have you decided how this \$150 million this year is going to be split up into each of those areas and if any of it has moved yet?

Hon. Jim Prentice: Yes, I can. Let me just touch on the subject of housing. First, you're correct that the \$450 million is over two years. There was \$150 million allocated this year and \$300 million allocated for next year. We've been quite diligent to ensure that all the approvals are in place to usefully employ the \$150 million this year. We're still working, of course, on how the \$300 million will be invested next year.

One of the initiatives we're working on with the Assembly of First Nations is on-reserve housing. I can talk generally about how much we're spending on housing as a whole. The numbers, I know, will interest you. But we really want to proceed down the road of working together with the AFN on on-reserve housing and on creating an alternative to social housing in the form of private housing.

So the \$300 million for next year, I think, is probably where that is going to come into play, because we need to put an institution in place that's able to activate whatever agreement we are able to arrive at with the AFN, and that could not be done in time for the \$150 million this year. So certainly we're focused on the \$300 million for next year.

Mr. Gary Merasty: Are there any plans on education, because in the Speech from the Throne you talked about education as well out of that \$150 million.

Hon. Jim Prentice: The deputy here can perhaps get us the exact amount, but I can tell you that included in the \$150 million we've dealt with issues such as water, and we've dealt with issues such as some of the infrastructure deficits in the school system. There are some urgent school construction projects that are dealt with in that amount. We've also dealt with the urgent situations with respect to the homeless shelters that I referred to. So that money has been usefully deployed immediately on urgent needs where we need to make investments.

Mr. Gary Merasty: First, I'm looking at the four-pronged approach you talk about, and I think the headings are fine, but having lived the realities that you describe where I grew up, attended school, and lived in some of the housing, I know the real test out there in the communities that we're hearing is: how? And sometimes perception is reality in politics.

There are two issues in particular that have been troubling to many first nations and Métis leaders across the country, and one was the race-based comments by the Prime Minister. Definitely the court cases that many aboriginal people have gone to court with have been more based on the Royal Proclamation of 1763 on treaty rights. I don't think any of them say we went to court because we have a brown face; we went because we had the rights to argue in the court.

This is a bit troubling with respect to that comment. Could you maybe elaborate or clarify that a little bit more?

Secondly, in Saskatoon, in the *StarPhoenix*, you talked about fee simple land ownership. Again, I have a bit of a concern there with respect to an American approach on the General Allotment Act,

commonly called the Dawes Act, in the states where fee simple privatized the land and in one generation 50% of reserve lands were lost. This is a concern and this is a somewhere we don't want to go and, from my understanding, the majority of first nations don't want to go. Is there an alternative approach—that is, a leasehold environment type of approach—that we can take, like with our national parks and so on and so forth?

Could you elaborate on those two comments, please?

• (0925)

Hon. Jim Prentice: Those are thoughtful questions. I had expected nothing less. I don't know whether I can answer both of them in the time to go.

Let me just say concerning on-reserve private housing that there is absolutely no intention to break up reserves into private land that will then be separated from first nation communities. There are workable ways, and we can maybe get into them a little later in terms of the detail.

I am very familiar, for example, with the Métis settlements legislation in northern Alberta, which I worked on for many years. It has melded together the concept of community-held land with private holdings. There's nothing inconsistent, and we can sort that out.

Let's come back to the fisheries. I mentioned the Lheidli T'enneh initialling this weekend. I'm not sure people have focused on this yet, but you will see embedded in that treaty the approach of which I have spoken on treaties, and concerning fish in particular. The essence of it is that, first, first nations in British Columbia have a constitutionally recognized right to food and ceremonial fish. The treaties recognize that. No one has ever questioned it.

You will see in the context of the Lheidli T'enneh treaty that it's subject to only two qualifications. One is conservation, and the other is public health and safety. It is fully consistent with what the Supreme Court has said. That right to food and ceremonial fish is essentially the paramount right on the river, if you will. The treaties recognize that.

Beyond that, we're into commercial rights of fishing. What you'll see in the Lheidli T'enneh treaty is that those rights have not been constitutionalized. There are what are called harvest allotments. A simpler word for it, which not everyone likes, is quota. There is a quota allotted to the Lheidli T'enneh as a commercial right, and it is a right that they can sell. They can sell it to anyone else; it has nothing to do with race, or anything else. It is a commercial right.

They can buy up more quota on the river or they can sell their quota on the river. The quota is defined as a certain percentage—0.7043%—of the harvestable allowable annual catch on the upper Fraser. This is a commercial right that has been accorded.

They are then subject to all of the fisheries regulations and the conservation measures and the control of the river, and in addition, this quota is a flexible formula, depending upon the abundance of fish in the river.

I think what you'll see in this, Mr. Merasty, is the way forward in dealing with the reconciliation of aboriginal and non-aboriginal fishermen on the river.

I know I've gone on too long on this, but it is an important subject.

The final point that needs to be made about it is that this all really occurs at a time on the Fraser River when the river moves from being an opportunity-based fishery, where everybody just catches whatever they can and people get as much fish as they possibly can, to where because of conservation the river is becoming a harvest allotment-based river, in which there will have to be shares. It's the only way to manage the resource, because of the pressure on it. First nation citizens under these treaties will secure a commercial opportunity to share in that allotment.

Thank you.

• (0930)

The Chair: Thank you very much. We are out of time, so we'll move on to the Bloc.

That was a good question, but it's a little way away from discussing the estimates. Let's keep focused, if we could, committee, please.

Mr. Lemay.

[Translation]

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chairman.

I want the record to show that we had expected the Minister to be here from 9 a.m. to 11 a.m.

I find it unacceptable — and I hope the committee agrees with me — that the Minister would only appear for one hour. I trust I've made myself clear. This minister, for whom I have a tremendous amount of respect, oversees a budget of \$6,270,544,000 and I find it completely unacceptable that we have only one hour to grill him. Therefore, I ask that he be recalled so that we can ask him more questions.

Having said that, I see, Minister, that you are well acquainted with your department. So, I will have a very specific question for you.

A document entitled Indian and Northern Affairs Canada, Canadian Polar Commission and Indian Specific Claims Commission was tabled to the committee. We have read it very carefully. The question pertains to the estimates of the Indian Specific Claims Commission.

I was completely floored, Minister, when I read page 49 of the French version of the document. As you know, housing, both on-reserve and off-reserve, is one of the most pressing problems facing First Nations and the Inuit.

I was surprised to read that the 2007-2008 budget will be reduced by \$211 million compared to the previous year's budget, and that there will be an additional \$224 million cut from the 2008-2009 budget compared to the 2007-2008 one. The cuts will come in the area of housing for First Nations. Therefore, over the next three years, not only will First Nations and Inuit not receive additional funding, they can expect cuts to off-reserve housing funding.

Minister, it's no secret that 40% of your budget is earmarked for program administration, which means that 40% of \$6,270,544 is allocated to program administration. How much money is left over for First Nations and Inuit housing? I'd like some specific numbers.

How much money will be available for housing for the next three years?

L'hon. Jim Prentice: If you don't mind, I'll answer that question in English.

[English]

First, you'll have to be more specific on the numbers you're referring to. With respect to housing, I appreciate that you have the book there, but none of us are able to tell which numbers you're referring to. Let me give you the general numbers on housing.

[Translation]

Mr. Marc Lemay: I'm sorry, Mr. Chairman, but it's very important that I draw the minister's attention to this matter.

[English]

It's on page 49 of this report, *Indian and Northern Affairs Canada and Canadian Polar Commission, and Indian Specific Claims Commission*. In the notes, you can see, "INAC—Total Planned Spending—Explanation of Trend". If you read these two paragraphs, especially the second and third paragraphs, you'll see it.

• (0935)

[Translation]

Mr. Chairman, I hope you'll take into account the amount of time the minister's takes to read the document. I wouldn't want to be penalized. Thank you.

[English]

Hon. Jim Prentice: So let's come back to this. There's no decrease in housing expenditures. We'll come back to the note on page 49 in a moment. These are the figures. The Government of Canada has put forward over \$1 billion towards aboriginal housing in this past budget, and here's how that is arrived at.

First, there was \$300 million for northern housing. Second, there was \$300 million for off-reserve housing. So that's \$300 million north of 60° and \$300 million for off-reserve housing south of 60°. That's \$600 million. That money was released to the territorial governments and the provincial governments to be administered by them, but it was for those purposes, and you'll recall that forming part of the budget that was approved by the House in March.

In addition to that, I can tell you that CMHC, for specific on-reserve aboriginal housing, provides another \$238 million in this year's budget. In addition to that, CMHC provides another \$148 million for on-reserve housing. The CMHC is the delivery arm for housing on reserve for first nations.

If you add those numbers up, you'll see that it comes to \$986 million on housing. In addition to that, there are portions of the CMHC portfolio that are off-reserve aboriginal housing. I can't give you those numbers today because they're within the purview of CMHC, but I can tell you, for example, that I spoke to the Alberta officials last week and they told me that approximately one-third of what CMHC does in Alberta is aboriginally directed programming.

You're speaking of housing investments of in excess of \$1 billion.

[Translation]

Mr. Marc Lemay: No, sir, it's very clear. I read the document in both English and French and you'll find the very same thing in both versions. Funding for First Nations housing will be reduced by \$211.6 million between 2006-2007 and 2007-2008 and by a further \$224.2 million between 2007-2008 and 2008-2009. I didn't write this. The credit for that goes to your departmental officials who earn \$280,000 a year. I want you to confirm that this information is accurate. If that's in fact the case, then it's completely unacceptable.

[English]

Hon. Jim Prentice: As I have indicated to you, there is no reduction in housing expenditures. This refers to multi-year relationships between CMHC as the delivery arm of the government.

I'm happy to get back to you on the specifics about the footnote on page 40. I'd be delighted to do that. But I've outlined to you the over \$1 billion that the Government of Canada is putting forward on aboriginal housing this year, and I know those to be the accurate numbers.

The Chair: Mr. Lemay, carry on.

[Translation]

Mr. Marc Lemay: Thank you. I have a very specific question for you. As you will notice, sir, my questions are very specific.

Your government talks about the importance of accountability, or, as we call it, responsibility. I have a three-part question for you. How does your department intend to determine how departmental funds earmarked for Aboriginal women, aboriginal friendship centres and Métis groups, for example, were in fact spent and on whom? Do you plan to use Pricewaterhouse Coopers once again to audit the unmonitored spending of several communities?

• (0940)

[English]

Hon. Jim Prentice: Those are fair questions.

Going back to this last question, my deputy will get back to you on those numbers, but I think you're going to find that this relates to the \$366 million of additional expenditures in this year's budget and how that \$366 million was arrived at. You're going to find that it was not related to any cuts in housing expenditures; you're going to find it's a calculation of how the net amount of \$366 million was arrived at.

With respect to a couple of your comments, there is a misconception that the Department of Indian and Northern Affairs is a huge bureaucratic consumer of resources. In fact, in the Department of Indian and Northern Affairs the cost of administration of the department is 4% of what the government spends—not 40%, 4%. The Department of Indian and Northern Affairs is actually, by government standards, a reasonably tight administrator of funds.

Your questions about how the money is dispensed and the accountability mechanisms are important questions, because of the \$6.2 billion that this department expends—and you'll see this in the estimates—\$5.25 billion of that, or 85%, is actually made up of transfers, so what the Department of Indian and Northern Affairs does with 85% of the money that comes in the front door, if you will,

is administer the transfer of those moneys to first nation and other aboriginal organizations.

In large measure, what the Department of Indian and Northern Affairs does is act as a funding administrator through to first nations who, under various stages of self-government, administer those funds. The department does the best it is able to administer all those funds in such a way that we know how the money is being spent and we're ensuring accountability, but frankly, there has been some tension in that the previous government has demanded extensive reports. I think that at last count, a typical first nation is required to file over 160 reports per year to the Department of Indian and Northern Affairs. That's the approach under the former government; I don't support that.

We have people filling out paper for the sake of filling out paper. The typical reports that a first nation files in a year to the Government of Canada would fill a bookshelf, and it's not resulting in any greater accountability. We need to look at the whole accountability framework. Part of the work that Harold Calla is doing with the first nation financial institution is to arrive at a certification process for first nation financial officers, so that we can have a more regulated but reduced number of reports; his work is part of this.

Parallel to this, we as a Parliament are going to have to examine the whole question of accountability structures to ensure that the same kinds of accountability regimes are in place for first nation governments as are in place for all other governments in Canada at all other levels; that is something we will have to do in the days ahead.

The Chair: Thank you.

Madame Crowder is next.

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Thank you, Mr. Chair, and thank you, Minister, for coming today.

In your presentation, I was pleased to see that an area of focus is the finalizing of comprehensive claims and self-government treaties. As you well know, I'm from British Columbia, and that's an extremely important issue for British Columbia.

In that context, there are some things in the estimates that make me wonder how that process is going to be supported. There are a number of specific areas; I'll highlight them.

On page 15, the Indian Specific Claims Commission has no budget after 2006-07. On pages 19 and 25, both of those areas appear to be areas that would support treaty processes. Those budgets go down after 2006-07, so there's a decrease in those budgets in those two cases. Then on page 48, the B.C. Treaty Commission also no longer shows any funding after 2006-07.

We know, particularly in British Columbia, that there are very few treaties. We know that the specific claims process is certainly bogged down. We heard from department officials in the past that in fact the backlog is not an accurate reflection of the actual backlog, for the reason that at some point they don't even count claims because they don't have the resources to deal with them.

As well, within the treaty process we know that once treaties are signed, implementation drags its feet. We only need to look to the Yukon, where people have been trying to get the next stage signed on and adequate resources committed to it, to see that treaties are no guarantee of actual implementation.

Could you comment on how the government's commitment to this process is reflected in cuts to the budget?

• (0945)

Hon. Jim Prentice: Those are fair questions, although I don't agree.... I think your assumption is that after 2006-07, these things will come to an end and that—

Ms. Jean Crowder: I'm sorry, Mr. Minister, I wasn't assuming that they would come to an end. It's just that there's no money in here, and so I wonder how the government is going to deal with that, because I also think these organizations need some degree of certainty that there will be a continuation. And when there is no money in the budget.... If I were working for the B.C. Treaty Commission and saw no money allocated, I would wonder about government commitment.

Hon. Jim Prentice: That's a fair question—really, two questions—you're asking. One is about the Indian Specific Claims Commission, and the other is about the B.C. Treaty Commission and process. Let's deal with them one at a time.

The Indian Specific Claims Commission budget is included in these estimates. I don't have the number in front of me, but as I recall, it was \$5.5 million for the administration of the Indian Specific Claims Commission.

• (0950)

Ms. Jean Crowder: And it is only to 2006-07.

Hon. Jim Prentice: It is only to 2006-07 because that's the purview of this budget.

The Indian Specific Claims Commission is one of the bodies that is under review as part of my commitment to retool the specific claims process. The commission is fundamental to that process. As you know, it's a commission I sat on for 10 years as a commissioner. I have some very strong views about the valuable role the commission plays. It has been criticized more recently with respect to whether it has bumped up against a glass ceiling or not. But leaving that issue aside, the Indian Specific Claims Commission will either have to evolve into a more fulsome claims body, or it will have to be wound down. That is one of the issues that the Senate is currently exploring. We will see what the Senate has to say about that in the days ahead.

These estimates only take us out so far, and then we'll have to renew approvals and proceed from there. So that's the Indian Specific Claims Commission.

With respect to the B.C. treaty process, the Auditor General, in this November report, will be including a chapter on the British Columbia treaty process. This started 15 years ago. It was, at the time, quite an exciting new process, which was created by Prime Minister Mulroney and Premier Harcourt in 1992.

Since that time, as a nation, we have invested \$750 million in the B.C. treaty process. There are 48 tables currently at work. This

weekend we just signed the first agreement, the very first one to get over the finish line. There are another two to six moving along through the final agreement stage.

So we are making progress. As I said earlier, I regarded what happened in B.C. on the weekend as a very important chapter in Canadian history. Again, we have to wait and see what the Auditor General recommends with respect to the B.C. treaty process. Certainly I am committed to the continuation of that work in B.C. That's why I was there with Premier Campbell signing the treaty on the weekend.

I am immensely encouraged by the progress we are making. There are some tough issues at the table. Allocation of fish resources is a difficult issue. Something called own-source revenue is an issue. The financial self-government arrangements between first nations and the government are an issue. But a lot of the heavy lifting has been done.

It's quite heartening, actually. If you look at a map of the comprehensive claims work that has been done in Canada, really, over the course of the last 40 years, starting with the James Bay Cree agreement in 1975, it's actually pretty remarkable. We've succeeded largely in clearing away the comprehensive claims challenges the country faces. There still is outstanding business, for sure, but there are actually only a couple of large claims north of 60 that are left—the Dehcho and the Akaitcho—and really, the work, the unfinished business in our country, is not restricted to but is heavily focused on British Columbia.

Ms. Jean Crowder: In terms of that implementation, Mr. Minister, certainly if you talk to people from Yukon, they're not happy with the implementation process and the way dispute resolution hasn't been entrenched in a way that works for people and the fact that they haven't been able to get this next series of agreements negotiated and signed.

Again, in these estimates, there is a downward trend in those two key areas that support treaty and land claims processes. I haven't heard you address those two issues.

Hon. Jim Prentice: There's no intent to have a downward trend in terms of our commitment to the treaty process in British Columbia. That's something I certainly intend to see through to conclusion. All that work will not be finished on my watch, but I intend to make sure the process is working properly. On specific claims, I've been as frank as I can be as a Canadian, saying that it's unacceptable that we have a backlog of 800 claims—from the former government, I would point out. It's not acceptable, and I'm going to retool the process to change that.

The Chair: Thank you.

Mr. Bruinooge.

Mr. Rod Bruinooge (Winnipeg South, CPC): Thank you, Mr. Minister, for coming forth today.

I want to talk a bit about housing again. I really appreciate the things you're talking about in relation to the model under which housing currently is being administered within many first nation communities and how you see that as something that needs to be further discussed, with the idea of making it more efficient and more effective.

I'd like to start, though, with a place that I think you find very important and very interesting, and somewhere I also took time to travel to in my first days on the job, and that is Nunavut, specifically Iqaluit.

One of the things I learned on the ground there, as soon as I got off the plane, basically, is about the shortage in housing. I know this is an area that you found to be very important, so perhaps you could talk a bit about how the people of Nunavut, especially the government, have received your plans and directions on housing.

Hon. Jim Prentice: Much, of course, has been said about housing investments and the importance of that. I think it is important to pause and take stock of what has already been accomplished in the short term of this government. That is, in respect of Nunavut, we put forward \$300 million for northern housing in the very first budget. This is more than was previously put forward by anyone, at any time, north of 60°, and it was done immediately. It was done under the first Conservative budget.

In the case of Nunavut, \$200 million has already been disbursed to the Territorial Government of Nunavut. So these are not empty promises to build housing units. This is \$200 million, which Premier Okalik has in a trust account. I met with him actually yesterday. He's very pleased with that. They have started work already. The housing units are under construction. They will be expending that money over, as I recall, the next three to four years.

Housing units are expensive in the north. The cost of a typical housing unit was \$250,000, and they believe that the money we are speaking of will allow them to deliver 753 housing units, as I recall. They are in the process of building those across Nunavut and targeting the expenditures. Obviously there are logistical challenges, as well, to putting housing units on the ground north of 60° because of the climate and the weather and the short construction season. So all of that is under work.

That does not, in and of itself, resolve all of the issues in Nunavut, but Premier Okalik—I know he can speak for himself—has been very pleased with the immediate steps taken by this government to deal with the housing circumstances north of 60°.

• (0955)

Mr. Rod Bruinooge: I'd like to talk a bit about some of the things that Mr. Merasty was saying in relation to leasehold elements of community-owned housing, but I think you have covered that off somewhat and I do want to defer to my colleague Mr. Albrecht.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Thank you, Mr. Chair; thank you, Minister Prentice, for being here today; and thank you to my Liberal colleagues for recognizing the fact that I have a chance to speak today.

First of all, I recognize in your presentation, Minister, some key elements in terms of empowerment and responsible self-government, and I certainly applaud those moves.

Also I noticed your comments about dealing with land claims as a matter of justice, respect, and reconciliation. Those are certainly key elements. I would be interested in hearing, at some future date, some of the ideas you have on working forward on those land claims.

But my question right now is related to the estimates. On page 48, there is a line dealing with the International Polar Year. I notice that there is a significance increase from this budget year to the next two budget years. Could you comment on Canada's commitment to the Canadian Polar Commission?

Hon. Jim Prentice: This is a very exciting story. It goes back to what the Prime Minister has said about the assertion of Canada's sovereignty in the north and taking steps to ensure that Canada's footprint in the north is not only well established, but that we have the infrastructure in place, public governance in place, and we have the necessary investments in terms of the Canadian Forces to be able to exercise Canadian sovereignty in the north.

One of the most exciting things that's been done in that respect is the approvals for the International Polar Year, which begins this fall and is a multi-year program. What the Government of Canada will be doing is investing \$150 million over the next several years on international polar activities. These are activities that will be centred in Canada's north. It is International Polar Year and there are other activities that will happen relative to the southern pole. In terms of Canada, a very specific program has been developed that involves scientific research supported and encouraged by the Government of Canada that is focused on Canada, our north, the exercise of our sovereignty in the north, and the science of what is happening in the north. It's all immensely exciting.

A very extensive program has been developed. There's an International Polar Heritage Committee that will be working on this. The mainline expenditures will surface in the estimates over the next two years in terms of the \$150 million. At this point the expenditures are more modest as we tool up, but the dollars have been budgeted, they have been set aside, and the calls for scientific research are being prepared and sent out. We hope to encourage international research, but in particular to foster centres of excellence and research in Canada about the north and about what is happening in the north.

The public governments in the north are immensely supportive of this. In dollar terms, compared to the overall expenditures of the department, the \$150 million is something that is targeted on the north, and we're really quite excited about it.

The Chair: Mr. Minister, I know you have to leave and I know that the expression of a few of the committee members was that we'd like to speak to you more. Maybe you'll have an opportunity in the future to reschedule another opportunity.

For my understanding, Mr. Minister, you do have to leave?

• (1000)

Hon. Jim Prentice: I'm always anxious to accommodate my parliamentary colleagues. Certainly I can speak for another half hour. I have to be at Treasury Board, but I can put that off until 10:30.

Carry on.

The Chair: Thank you very much.

Mr. Russell.

Mr. Todd Russell (Labrador, Lib.): Thanks, Mr. Minister, for extending the time. I do appreciate your skills, abilities, and your expertise, there's no doubt about that. I don't always like your party's policies, but I'm sure you fight the good fight somewhere in the rooms that we don't get into very often.

International Polar Year is a great Liberal initiative, and it's nice to see your stamp of approval on that.

Around the Métis issues, I see the expansion in the RPP from last year to this year saying we want to deal with Métis issues, we want to improve the socio-economic conditions of Métis, and one of the indicators is education. But there's only one program identified in the estimates for Métis off-reserve or urban aboriginal people. It goes from \$40.8 million in 2006-07 to \$8.7 million. How do you square wanting to do more for Métis people in general and expanding programs and services with the budget decreased by 80%?

Hon. Jim Prentice: That's a fair question. Quite a large, significant number of structural changes are being made to ensure that the Department of Indian and Northern Affairs is able to discharge its responsibilities and improve the lives of aboriginal citizens on a go-forward basis. To some extent, we are refocusing, redirecting some of the administration.

One of the things that happened—what I'm leading up to—is that the Office of the Federal Interlocutor has essentially been brought into the Department of Indian and Northern Affairs. It previously wasn't organized that way. It has basically come to me as the minister, as has, for example, the residential schools file. The administration of the entire multi-billion-dollar residential schools agreement was previously a separate department. It has now been brought over to INAC. Madam Tining is the assistant deputy minister responsible for that.

On the Métis issues, a lot of changes will have to take place as a result of that restructuring. Quite a number of approvals will need to be reapproved over the course of this next year at Treasury Board, cabinet, and so on, and we're working on all of those things.

The situation is not as you're suggesting, in the sense that we are working on the Métis programming and re-evaluating where it goes from here. I would personally like to see it very much focused on economic development opportunities. I can tell you that some things there will be announced very shortly and will be indicative of progress. But from what I hear from working with Métis Canadians, they really want to focus on economic development opportunities and the road ahead.

The budget did include specifically \$300 million for aboriginal—as opposed to first nation—housing south of 60°, and that's being administered through the provinces, of course. Our expectation has been that a significant amount of those housing units will be available for Métis citizens and aboriginal Canadians. I think it is also fair to say that a lot of the aboriginal-based urban CMHC housing initiatives are directed toward aboriginal as opposed to on-reserve status first nation citizens.

Your caution is well taken, and I respect what you're saying.

Mr. Todd Russell: On the structural change, am I understanding that with maybe new authorities or new guidelines or what have you from Treasury Board, some of the programming that's currently

within INAC would be opened up to Métis? When I taught post-secondary education, which Métis don't have any access to under the current post-secondary education program, the deputy minister, the guy responsible, Allan MacDonald, said they were not even contemplating opening up that \$300 million program to any new recipients or applicants, or what have you.

I'm not saying we should divide the pie even more, but we should make the pie bigger, put more meat into it. If you structurally change it, does that mean more access to programs?

•(1005)

Hon. Jim Prentice: All those issues are up for discussion, although the jurisdictional basis for what the Department of Indian and Northern Affairs spends continues to be responsibilities to status first nation citizens on reserve. That's where the education dollars are directed, and I don't really see that changing.

By April 1 of this year, the urban aboriginal strategy will have to be reapproved, if it is going to be reapproved. That's something I'm working on right now. You're not the only one who has asked me questions about that. At a town hall meeting in my own riding this weekend, I had an exchange with someone who was very concerned about that issue.

Particularly in western Canada—and I know it's not limited to western Canada—in the cities of Regina, Saskatoon, Winnipeg, Edmonton, and Vancouver, there are very significant urban aboriginal populations that are becoming a very important and vital part of the urban context, so the urban aboriginal strategy is something we need to focus on.

I'm quite happy to talk about education and what we're trying to do there. As I recall, the department spends \$1.4 billion on essentially first nation education. There is a fascinating study that I would recommend to every single person here. It was published recently by the Caledon Institute, and it's on first nation education. It's quite remarkable, because what it shows—and I digress a bit—is that aboriginal Canadians who get through high school have, from that point onward, success at precisely the same rates as other Canadians. In fact, they have even higher earning power. But the challenge is getting children, particularly first nation children, through high school. That's where we have the problem.

The Chair: Thank you.

Could we move on to the government side? Mr. Blaney, please.

[Translation]

Mr. Steven Blaney (Lévis—Bellechasse, CPC): Thank you, Mr. Chairman.

Minister, I'd like to start by thanking you for participating in last week's First Nations Socioeconomic Forum. Five other parliamentarians, myself included, also attended this gathering. The broad issues that you talked about in your presentation were all discussed, in particular education, an area in which you have taken concrete action, the rights of aboriginal women in communities and, of course, housing, a favourite topic of discussion and the flashpoint in terms of people's will to act. You also stated clearly to forum participants that taking a different approach to investing in housing was very important with a view to ensuring that we don't end up with a deteriorating stock of housing in need of early recapitalization.

My question is tied to the estimates. Can you share with us your vision of sustainable housing for First Nations? What steps can the government take to ensure that investments are sustainable, particularly investments in communities, and that healthy, viable housing capable of standing the test of time is built, so that future investments represent a step forward, not backward, for First Nations and a much-needed initiative on the housing front?

[English]

Hon. Jim Prentice: That's a fair question, and I'd like to thank Mr. Blaney for participating in the *Forum socioéconomique des Premières Nations*. I thought you acquitted yourself with great confidence and dignity at that forum, and I received many positive comments.

With respect to housing, we need a policy that is not based simply on the delivery of social housing. If 100% of the housing stock in each and every first nations community is social housing, that is a limitation on the future of many people in those communities.

There's been much written by economists and international figures about capital and the basis of wealth creation. I have long said that first nations citizens on reserves in this country are denied the opportunity that any other Canadian has to own their own home, acquire equity in it, and build up their own wealth. This is not fair. No one is suggesting that the reserves themselves should be broken up. That's not the point. But if first nations citizens cannot own their own homes, build up their own equity, and get ahead in life, like all other Canadians, then that's not fair and it's counterproductive in our society.

There are many first nations citizens—I see heads nodding—who leave the reserve environment and go where they can own their own home. I know of no business owner in my home city of Calgary who did not start that business by getting a bank loan tied to their home. They all started their businesses by putting some of their own equity at risk. So how can we possibly countenance a situation where 500,000 status first nations citizens are deprived of this opportunity?

It's going to take a certain amount of courage. It's going to take some structural changes. It's going to take a vision to move forward on something that was not embedded in the Indian Act. But the Indian Act was put in place 150 years ago. This statute was a compilation of pre-Confederation British imperial statutes. It is no way to run a modern legislative framework for 500,000 Canadian citizens who have the same dreams and aspirations as the rest of us. I know there are philosophical issues we don't all agree on, but we have to find a way to move forward to modernize the Indian Act.

In the context of Quebec, our government in the first budget invested \$17.5 million that has resulted in 600 new housing units and the development of 450 new residential lots for first nations. I know this doesn't solve all the problems. There's still much work to be done. There are some communities still in serious need of housing, but we are moving forward.

If we're moving in the direction of a private alternative to social housing on reserve, we have to work with the Assembly of First Nations and its regional affiliates to create the delivery models by which this can happen.

• (1010)

The Chair: Mr. Lévesque.

[Translation]

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

Thank you, Minister, for this opportunity to speak directly to you primarily about the votes presented today. On page 7 of your presentation, you stated that \$450 million will be allocated to provide Aboriginals with clean drinking water and improved on-reserve housing.

Many of my constituents are members of two communities not recognized as reserves. What status have you assigned to them? I'm talking about Kitcisakik and Winneway, two communities that have neither reserve, nor off-reserve status. What status have you assigned to them and what do you intend to do for them in these areas?

• (1015)

[English]

Hon. Jim Prentice: If I might speak to the subject of water, given the nature of our country, we have first nation communities, reserve communities, that have water challenges. We also have other rural communities that are not first nation status communities, and certainly not reserve communities, where there are water challenges as well because of the remoteness.

When I became the minister, I was very concerned about the circumstances of water, because the Government of Canada has been investing a significant amount of money—I think the program expenditures, if I recall, were something in the nature of \$1.6 billion over many years—and the concern we've been hearing was that the results were not present. We were not seeing results in the communities.

One of the first things I did when I became the minister was say to the officials that we needed to get a handle on this situation and I wanted them to overlay all of the scientific information they had about the status of water in the communities. I asked them to look at the maintenance records, look at the data we had on source water, look at the whole question of the capital investments that were needed. They were to overlay all of the scientific data and tell me what the status of things was. They came back to me with information that, frankly, was very concerning. They identified 190 communities where the communities were at high risk. In addition to the 190, they identified 21 communities worse than that, where they said the community itself was at high risk.

So one of the first things we did was direct our efforts towards the 21 communities at risk to make sure we didn't have a repetition of the circumstances that the previous government faced in a northern Ontario community, to make sure that we were dealing with those 21 communities. We've also been focusing on the other 190.

There are 755 first nation water systems under the responsibility of INAC and first nations, so it's a big job. We're doing the best we can.

I can tell you one thing for sure—if there is a problem now, we move immediately. I can't promise people in this room that tomorrow there's not going to be a water problem in a community that none of us is familiar with in northern Alberta. But I can tell you this: if it happens, this department now moves immediately. We put people on the ground immediately. Health Canada is there with us. We make sure that there's no E. coli in the water. We don't sit on that information for months. We move immediately, stabilize the situation, and apply resources to rectify the situation.

We are trying to work together with the provinces and municipalities, where they are prepared to do so, because in many circumstances we may have a first nation water system that can provide services to people off reserve or we may have municipal-provincial infrastructure, and the most cost-effective thing to do is to tie in those systems together. We try to do that wherever possible. It doesn't happen in as many cases as I would like because there just aren't as many opportunities, especially in the remote communities, but there are in places southern B.C.

In terms of communities that are not status Indian first nation communities that are the responsibility of this department, we are prepared to work together with the provinces, in concert, to make sure Canadian citizens have proper drinking water.

The Chair: Thank you.

I'm going to go to the government, but I have a question myself for the minister. It's with regard to the post-secondary education that we have been discussing as a committee.

We know the department spends roughly \$300 million to support post-secondary education. We also were informed that your department is looking at a review of the framework and some of the needs for funding for post-secondary education, and that's going to come sometime next spring.

I know we're talking about existing estimates, but my question is this. Will there be anything in the 2007-08 budget to accommodate the likelihood of more funding needed for post-secondary education?

Hon. Jim Prentice: The whole subject of post-secondary education is extremely important. I know there are first nation citizens at the table here, and they, I think, would agree with me. Even in the course of my lifetime, in 20 years of working with first nations, I have seen enormous changes. Education is the wellspring of almost all good things that happen, I think, at the end of the day.

I have seen enormous changes in communities where I know 20 years ago maybe only one or two people in the community had post-secondary education, and now significant numbers of young people are coming back with post-secondary training, whether it's in trades, as apprentices, or college, university, or CEGEP education. It makes an enormous difference in the communities in terms of governance, in terms of moving forward. We need to do everything we can to support and foster aboriginal people, Inuit people, first nations citizens, and Métis Canadians in their education.

I would, however, come back to the Caledon study. What it clearly shows is that the problem is not from high school forward, if you will. The problem is getting young people through high school. From high school onward, to be sure, we need to make sure we have a supportive financial regime and that there is money to carry on the support of post-secondary first nation education, but the real challenge is to get young people through high school.

The lowest graduation rates are probably in Nunavut, where barely 25% of young people are getting through high school. The highest, as I recall, would probably be in British Columbia, where it's about 45% to 50%. These rates are fully 25% to 35% lower than non-aboriginal graduation rates, and there is nothing that any of us do as parliamentarians in this subject that is more important than getting those graduation rates up to be the same level for aboriginal and non-aboriginal kids.

That's why the model in British Columbia is so important. I feel very strongly about it, and I committed to this in June. I can tell you this. I've challenged all of the other provinces to work with us to try to build the same kind of capacity to have a first nation-driven education authority in place in the other provinces. I tell you, there's not a shred of doubt in my mind as the minister, from everything I've seen, from the pilot studies I have analyzed, that the model that has been developed in British Columbia, which is based upon first nations citizens' building capacity to run a first-class school system that is commensurate and interchangeable with the provincial public school system, is the way forward. Mark my words, in 10 years British Columbia is going to be head and shoulders above everybody else in Canada who doesn't have the vision and the courage to go where they're going.

• (1020)

The Chair: Thank you.

We have about half the time left, about two minutes.

Mr. Albrecht, go ahead, please.

Mr. Harold Albrecht: Thank you, Mr. Chair.

I certainly am somewhat discouraged by the huge numbers of outstanding land claims, and I think I'd be even more discouraged if I were a lawyer, recognizing how long it must take.

Hon. Jim Prentice: Trust me—the lawyers don't understand.

Mr. Harold Albrecht: Mr. Minister, you said in your comments that you're not in a position to share details of an action plan, but you would like to share some ideas. I'd love to hear, just for the next two minutes, some of your ideas in lay terms that even I'll be able to understand.

Hon. Jim Prentice: I know you follow this quite closely. The lawyers have no problems with the current process: it grinds on interminably.

The backlog of 800 claims is not acceptable, and we have to retool the process. We need to look at the way the system functions inside the Government of Canada. We need to look at what happens to a claim when it arrives at the threshold of the Government of Canada, because frankly, right now whether it's a \$1 million claim or a \$100 million claim it receives the same degree of attention and scrutiny. We need to expedite the way in which claims are processed and evaluated. Perhaps in some cases they can be grouped.

The biggest challenge is that each claim as it arrives at the threshold of the Government of Canada is evaluated endlessly from a legal perspective. I'm not saying the legal analysis is not important; clearly it is. But we are waiting at this point sometimes for seven years from the time a claim arrives at the door of the Government of Canada until the Government of Canada gets its own legal opinion to be able to respond to the first nation and say yes, we think there's something to this, or no, we don't think there's anything to this—seven years. There have been cases where it has been a heck of a lot longer than seven years. So that side of the process isn't working very well.

The Indian Specific Claims Commission needs to be an adjunct to this process, and the role of the commission, the independence of the commission, and the kinds of people who are appointed to the commission all need to be discussed as issues.

The capacity of the commission to make binding decisions is important. At this point the commission has a glass ceiling, because it can only make recommendations, which previous ministers have had before them to either accept or ignore.

And there's the overarching problem in all of this that has been criticized for 50 years now in Canada, and that's the inherent position that the Government of Canada is in if the Government of Canada attempts to be the defendant, the party also providing intervenor funding to the first nation, the party receiving the legal opinion, the party adjudicating the claim, and so on. For 50 years commentators have said that any system that is conceived on that basis with those inherent conflicts of interest can't succeed.

Certainly there are resource issues as well, but fundamentally the system isn't working properly and isn't structured properly. I think we all know that the pressure is building on the backlog of 800 claims, and we have to do a better job.

● (1025)

The Chair: Mr. Minister, I know we have more questions, but it is close to 10:30. How is your time? Is anybody getting excited there?

Hon. Jim Prentice: Yes.

The Chair: I have Madame Karetak-Lindell and Madame Crowder, but if you have to go, then you have to go.

Hon. Jim Prentice: I'll take one more question, and then I'll go.

The Chair: Madame Karetak-Lindell.

Ms. Nancy Karetak-Lindell (Nunavut, Lib.): Thank you very much. I appreciate this opportunity.

Ms. Jean Crowder: I'm sorry, but on a point of order, my understanding is that I am next in the rotation, Mr. Chair.

● (1030)

Hon. Jim Prentice: I'll take two questions, Mr. Chair.

The Chair: Go ahead, Ms. Crowder.

Ms. Jean Crowder: Thank you, Mr. Chair.

I have a couple of quick comments. One is on the minister's reference to the Caledon report. The presenter actually indicated that the report had to be used with a great deal of caution because of statistical problems with it. As well, my understanding is that there is insufficient data to talk about the numbers of post-secondary students who would be able to access education but can't because of the resource constraints.

The other comment I had was around the B.C. Treaty Commission and the Indian Specific Claims Commission. The reason it was so startling in its report is that, while it's common practice to project numbers into coming fiscal years, there was absolutely nothing in those two cases; that's why it was a matter of concern.

The question I have is around page 21 in the estimates. This particular page is dealing specifically with things like Indian registry and membership and what not. The actual question I have around this is whether or not the department is looking at Bill C-31, subsection 6(2), which has an impact on band membership. There's a report from 1985 by Clatworthy Smith that has done some projections based on subsection 6(2) in Bill C-31 that actually say a number of bands will start seeing a significant decline in population because of subsection 6(2). Given the fact that the estimates are dealing with band membership and plans around registry, could you tell me whether the department has plans to address Bill C-31?

On a totally unrelated question, you've talked about the B.C. tripartite agreement. I wonder whether there are plans to put legislation into the House. My understanding is that there does need to be legislation.

Hon. Jim Prentice: You've put your finger on one of the most difficult issues that the department will face, that any government will face relating to Bill C-31. I have a couple of comments.

In regard to the expenditures that you see relative to the registry and so on, one of the initiatives we're moving on is the creation of a status card that is more secure—

Ms. Jean Crowder: Mr. Minister, if subsection 6(2) plays itself out according to Clatworthy and Smith, the status card won't be all that relevant.

Hon. Jim Prentice: No, I'm coming to that point. I'm just saying the expenditures you're looking at in the department relate to the creation of a status card that is more secure, that will eliminate some of the concerns about fraud. This is a new initiative that we're starting so that there will be a proper status card for all first nations citizens.

You raise a good question on Bill C-31. It is one of the most difficult and vexing issues. There are two massive court challenges that are winding their way through the court system that will deal with Bill C-31, the results of which are expected next year.

I don't think it is a secret in this room that it is one of the most difficult and controversial areas of aboriginal policy in Canada. We need to see what those court decisions tell us about the way forward in terms of who is entitled to be a status first nation citizen and the level of benefits that they receive as a result.

I don't have the answers today, but no one else does either, because we need to see an adjudication of the law relative to Bill C-31 citizens.

The Chair: Ms. Karetak-Lindell, please.

Ms. Nancy Karetak-Lindell: Thank you very much, Mr. Chair.

I thank you for being here this morning. I know this is a very difficult file, to say the least.

I really can't let the morning go without saying that is what Kelowna was for us, a long-term plan and an opportunity for us to be at the table as aboriginal leaders. I don't see that right now, where the Prime Minister is at the table with our aboriginal leaders.

To be very specific to the estimates, you know that there was a review going on with food mail. I do have many other issues, but I'll keep it short.

The cost of living in the north is one of the most critical, along with housing, because it's hard to separate one from the other. We have not seen a response yet to the review that was done on the food mail. Looking at your estimates, I see the money is the same when the cost of living has gone up. You have \$27.6 million for last year, and it's the same for this year. We see the need for it growing, but we don't see the money that is coming in growing.

So there are two questions: the amount of money, and when can we expect a response to the review?

Hon. Jim Prentice: Okay. You had a specific question and a general comment, and I'll respond to both.

On food mail, I met yesterday with Premier Okalik, and I discussed that very issue. I understand the importance of food mail. The review is under way. It was under way with the previous government for a long time. I'm looking forward to receiving the results.

I have some questions about how the Government of Canada administers this program. Frankly, there are questions about whether the Government of Canada should be the one administering this program at all. There is a public government in Nunavut, and perhaps the issue—

•(1035)

Ms. Nancy Karetak-Lindell: It doesn't only go to Nunavut, though.

Hon. Jim Prentice: No, I appreciate that. But in Nunavut in particular, there is a public government that perhaps is best able to administer this.

Generally, to respond to your question, if you look at the record, and let's talk specifically about Inuit people, this government has made significant progress in a very short period of time. Premier Okalik and others are on the record as saying that this Conservative government has done more, more quickly, for Inuit people than any previous government they've worked with.

I point out the \$200 million that was immediately injected into Nunavut for northern housing. The Makivik agreement is the last Inuit land claim. I am the person who resolved that and signed off on the agreement, which was voted on last week by the community. There will be a celebration of the Makivik settlement on December 1. That brings an end to the Inuit land claims.

We've put \$500 million forward that benefits the Inuit people in Iqaluit relative to the Mackenzie Valley project, which Nellie Cournoyer and others have been pushing forward on.

On all these files, there has been immense progress working together with the Inuit people. To be fair on this, I think if you examine the public statements that have been made by Premier Okalik, by people in Makivik, by Nellie Cournoyer and others, they have been extremely positive about how much this government has delivered in only seven or eight months.

Thank you very much, Mr. Chairman.

The Chair: I know you have to run, and I really do appreciate your taking the extra two questions.

Hon. Jim Prentice: Thank you. I was pleased to do so.

Hon. Anita Neville (Winnipeg South Centre, Lib.): Mr. Chair, I'm the only one who hasn't asked a question.

The Chair: Well, you can ask a question of the department. We have another 25 minutes.

Hon. Anita Neville: No, my question was for the minister.

The Chair: Mr. Storseth didn't have a question either.

We're going to continue now. I'm going to turn it over to the government, because I allowed the Liberals to have that extra question. I would ask if there is anybody from the government side who would like to ask a question.

Mr. Rod Bruinooge: Thank you, Mr. Chair, and I'm sure Ms. Karetak-Lindell appreciates your decision to allow for them to ask an additional question.

Now that we have the department officials to also answer some questions since the minister has had to run off to ops committee, which I'm sure he's a little late for, I'd like to go back to a subject that's been brought up a few times by a few different individuals around this table. And that is in relation to post-secondary education, which of course is the subject of the study that we're currently working on.

When we had some of the department officials come before the committee previously, they allowed us to delve a little into the method by which funding goes from the department through to the communities in relation to post-secondary education. Of the \$1.4 billion that, for the most part, goes to primary and secondary education on reserve, there remains about \$304-odd million that has been earmarked for post-secondary. After a number of questions in relation to that, through the department's current system for accounting for that, it was indicated that this \$300 million was broken up almost on a per capita basis as per each community, regardless of need. Perhaps one community, say, in the south or the west or the north might have a large number of students who are in need of post-secondary funding but only get a specific envelope, and an adjacent community perhaps might have no students who need it. That community, in turn, would be able to have their post-secondary allotment become a part of their global budget for them to spend on perhaps infrastructure or other needs that of course the community has.

My point on that would be, in light of the fact that we do have this \$300 million allotment, perhaps there does need to be further thinking on means to drive those funds to individuals on almost a need basis. I was wondering if perhaps the deputy might be able to give some further thought as to future plans or at least an analysis above and beyond my rookie perspective.

• (1040)

Mr. Michael Wernick (Deputy Minister, Department of Indian Affairs and Northern Development): Sure, Mr. Bruinooge, I know the committee has been looking at this issue intensely, and if I understand it, you intend to put together some advice for the government in the form of a report. Not to lob it back to you, but one of the first things we like to do is get the committee's input and suggestions on how to move forward.

I've been joined at the table by Christine Cram, who is the associate ADM in the area and who has been following the work of the committee very closely. I know you had some specific follow-up questions that we owe you a response to, and they'll be coming.

I would just say—not to contradict the minister, of course—we are very much focused on K to 12 education and how to move that forward, but that's no suggestion that we're complacent about PSE and that there aren't things to be done. If the committee has some advice on how to move forward, we'll try very hard to implement it and get it through decision-making processes and so on.

You have touched on the most interesting issue, which is the delivery mechanism. How should the assistance that taxpayers are providing get to the students who are academically qualified to attend? It currently flows in a certain way. You can imagine other delivery models such as direct provision of the money to the students. They could apply directly to some entity. It's not easy. There is a pattern entrenched in the way we've been doing it. There would be views from first nations leaders and organizations on how that should be done, on how you could ensure that there would be strong first nations and aboriginal involvement in how such an entity was run. Should it be more regionalized; should it be national? There is a possibility of pooling the resources and flowing them more directly to students in a way that would be more effective and ensure that if a community has to wrestle with very tough financial issues

about where to put their resources in a given year, and many communities have to make those difficult choices, the students shouldn't be caught in the middle of that.

The Chair: We're on the third round now. The Liberals did have a turn last time, so I'll move to the Bloc.

Mr. Lemay.

[*Translation*]

Mr. Marc Lemay: Thank you, Mr. Chairman.

I have some very pointed questions for you, just as you like them.

Surely you have a copy of the estimates and of the handout we received this morning, namely the Government Expense Plan, Main Estimates. I'm looking under the heading "Transfer Payments". My question is very general. I tend to agree somewhat with the minister's claim that perhaps only 4% of the budget goes to cover administration costs. That may well be true, but I didn't check in the estimates. I noted that the figure listed was \$609 million. However, that's not what interests me.

How do you plan to control the \$5,252,780,900 in spending listed under "DIAND Grants listed in the Estimates and Contributions"? Apparently, 85% of the \$6 billion budget represents transfer payments for education, health care, schools, roads and so forth. I don't think I need to draw a picture for you.

How can you be certain the funding awarded to a community isn't used to pay for consultants at a cost of \$125,000 per year, to purchase three Cherokee jeeps or three Dodge Ram trucks for the chief or grand chief? What steps do you take to ensure that the monies go directly to those who need it the most, that is to the people? Has a plan been drawn up and what control mechanisms have you put in place?

• (1045)

Mr. Michael Wernick: That's a very good question. In fact, it's a fundamental question in terms of departmental administration. Two principles must be reconciled. The first is the principle of accountability to Canadian taxpayers. The department must ensure that the money allocated is well spent and that results are achieved. The second principle is that First Nations are autonomous and capable of making their own decisions and of identifying their own priorities and of assuming responsibility for their decisions and for governing their people. Reconciling these two principles is by no means an easy feat.

Thirty years ago, programs were delivered directly by the department through federal public servants. Today, most services are delivered by the First Nations. By First Nations, I also mean the Inuit and others. For the purposes of our discussion, I will use the designation "First Nations".

The 1970s and 1980s were a time when governments offloaded many responsibilities to First Nations. The latter are now responsible for schools, water and sewer systems and social assistance programs, often working in partnership with other levels of government such as provincial governments in some cases. This form of government autonomy is funded in large part by the Canadian taxpayers through a range of transfer payments.

To simply state what the department does, it operates through the Indian Act, an outdated piece of legislation that, as I recall, was last revised in 1951 and through a host of contribution agreements pursuant to which a community receives a certain amount of money to deliver certain results. The accountability mechanism that you want to put in place can be found in large part in these contribution agreements. For example, a First Nation receives x number of dollars for an education program. The system now in place runs very smoothly. Steps are taken to ensure that planned expenditures are eligible and that the expected results are achieved. The First Nations government is obligated to submit reports and financial statements to us.

As the minister was saying, this is really the only tool available to us. There are no more sophisticated mechanisms like we see in agriculture or in other sectors. The over 2,000 contribution agreements account, like the Auditor General said, for a web of reporting. Obviously, when we resort to contribution agreements, which are like contracts, and when we ask for reports, there will be a web of reporting.

Mr. Marc Lemay: I see. Listen carefully now. I'm trying to understand something.

Can I have five more minutes?

[English]

The Chair: No, no. Instead of going back to the government—because Madam Neville hasn't had an opportunity to ask a question, and they did have just a short time—when Madam Karetak-Lindell has answered, I'm going to allow a questioner.

Hon. Anita Neville: I have a host of questions to ask, some of which I would have preferred to ask the minister. If the minister were here, I would have asked him the question of consultation with first nations communities and Métis and Inuit in terms of his decision-making processes, because while he identified a number of initiatives, he did not speak to the processes, and as we all know, the strength of Kelowna was the relationships developed there.

I'm going to put a few questions out. We heard a little bit about a new initiative on accountability and capacity building. I'd like to hear a little bit more about that.

I'd like to know from you what process you use to assess the potential liabilities when you make a policy decision as it relates to water, to education, or to any area. One of the clear themes that seems to be coming out over and over again is the promotion of provincial standards, whether it's for water or for education. My concern is, do you see that the ministry has an obligation to ensure there are adequate funds to meet provincial standards, whatever the issue is?

I'll stop with that.

• (1050)

Mr. Michael Wernick: Well, you managed to sneak three very fundamental public policy questions into two minutes. I'll try to do justice to them, and we could talk about them at great length, so I'll just have to try to be concise.

On consultation, engagement, accommodation, and so on, there's a spectrum of issues in there, some of which are very clearly legal tests set by the Supreme Court in various decisions about the obligation of the government to consult, engage, and to try to accommodate treaty and aboriginal rights if it is contemplating decisions, actions, regulatory decisions, and so on, that could impact those. And that's a process that we and the Department of Justice are trying to drive through the federal system, through its various boards and agencies, so that they understand that the National Energy Board or the Transport Commission, or whatever...and that we work with other departments on that.

There's a fairly narrow version of that. There's also a broader sense of the need to consult and engage, which is just common sense and 30 years of history, and it would be foolish—and would undoubtedly generate very bad policy and law—to think that the department or any group of officials or consultants in Ottawa is going to come up with the solutions that'll work in first nations or Inuit communities without the full input and engagement of the people who are affected by those decisions, who are going to live in those communities and so on. So there's a common sense version of consultation.

In the department we have long-standing relationships with national and regional aboriginal organizations; we've worked with them through leadership changes of ministers and leadership changes in those political organizations. Currently we have a very constructive relationship with all five organizations that were in the Kelowna process. I've met with most of the leaders and I'm going to meet with the rest over the next week or two.

The Assembly of First Nations in particular have been a very valuable partner. As you know, they are playing a full role in the matrimonial property process, driving part of the consultations, being part of the development of legislation that this committee will be looking at next year. They're very heavily involved in water. They're very heavily involved in housing. We have tables going on in economic development.

So it may be a little quieter and less multilateral than the process that led to Kelowna, with 17, 18, or 19 parties around the table, but much of that investment in relationships and goodwill and analysis is carrying forward and is being used as a basis to give advice and recommendations to the government. That's on the consultation.

We could go on about any specific issue as to how we're going about it, and we're probably not doing as much as we should, but the reflexive and standard operating principle is that we have an obligation to come up with advice and analysis for our minister and to work for the people of Canada. We also have an obligation to work very closely with aboriginal and northern Canadians on the issues that affect them.

On accountability and capacity building, I can't really do justice to it other than to say that one thing we learned from the hard lessons of Kashechewan and other communities is that capacity matters enormously. You can put money into capital facilities, and we certainly need more investments in capital in first nations communities, but there are connected issues of training, oversight, and inspection and of things being properly installed in the first place and being maintained. There are issues around the capacity of communities, which are relatively small in many cases, to manage budgets.

So everything we can do to strengthen governance in first nations communities, in terms of financial managers, community planners, audits and accountants, and all the kinds of things that governments need, is all to the good. It makes our job so much easier and improves the results in the communities; there's just more bang for the buck and more results. So we have a myriad of initiatives to strengthen—not to do it for anybody, but to provide funding and space for people to grow and train in these kinds of skills. Essentially what's happening out there is the construction of an aboriginal public service, which now has 20,000 to 25,000 people working in it for various governments and institutions.

Some of the most exciting things were launched a year or two ago around land management, the resource centre, the statistical institute, and so on.

Hon. Anita Neville: [*Inaudible—Editor*]

Mr. Michael Wernick: They are in the process of being set up. There are appointments, and it's always slower than it should be, and there's a consultation obligation to make sure we are putting people in those institutions that first nations people, in particular, will have confidence in.

On the third point, on liability, that's the last thing you have to worry about. We have so many lawyers giving us legal advice on potential breaches of obligations and treaties that, if anything, I would say we're too cautious and too risk averse.

•(1055)

One of the reasons we have so many of those claims is that not all of the claims in that inventory have to do with land issues; many of them do, but often they're breaches, administrative issues of bad practice by all of my predecessors, going back to Confederation, where transactions went awry or funds were not properly managed and our obligations, our fiduciary obligations in particular, were breached. So that's part of the claims inventory.

One of the things we learned slowly and painfully is not to do it again. Every time we set up a program or initiative or regulation, we try to make sure we're doing it in a way that minimizes the legal risk of creating more things. We don't really want to spend the kind of time and resources on litigation that we do, but people have a right to pursue legal remedies. So we try to make sure those liabilities are minimized.

I could deal with provincial standards, if you like, because that's a huge philosophical question of whether it's federal rules through federal legislation, imposition of provincial standards by reference, or the exercise of the jurisdiction through first nation law-making. We're going to live that on matrimonial property, we're going to live that on water, and we're going to live that on education. I'm not sure there's a common answer. It may depend on the particular issue.

The Chair: Thank you.

For just some words of wisdom, I have a little sentence on my computer that says, "A leader must determine when talk stops and work begins." I think it's important to have that dialogue, but I think it's also important to get on with the work.

Do we have a brief question? Mr. Albrecht.

Mr. Harold Albrecht: Maybe it's more of a comment and a very short question.

I think it's in the interest of all Canadians that we have an increase in capacity building and accountability, including the aboriginal people themselves. What kind of consultation and buy-in are we getting at the aboriginal leadership level, and then at the grassroots level, for these increased accountability measures?

It would seem to me it's beneficial to all of us, aboriginal and non-aboriginal alike, to have all of our resources used to their maximum potential. So I would ask you to address that.

Then quickly as well, how in the world are we going to—

The Chair: We don't have enough time for another question, but if you could answer that first question, that would be fine.

Mr. Michael Wernick: You cannot generalize about the diversity of aboriginal governance and leadership. There are nations that don't have treaties yet in British Columbia. There are nations that have worked in treaty frameworks for 60 or 70 years. There are people under the James Bay agreement. There are people on reserves such as Six Nations, which are very close, and others that are fly-in remote communities. That's my first point, not to generalize.

A lot of the most interesting and exciting ideas about capacity and governance have come from first nations leadership itself. It's people such as Harold Calla, Manny Jules, and others who have driven most of the reforms and continue to exercise that leadership. So I'm quite confident we'll make further progress.

Mr. Harold Albrecht: I think that point needs to be made over and over, that it's these people who are looking for that kind of accountability and—

The Chair: We're out of time. Thank you, committee, for your patience.

The meeting is adjourned.

Published under the authority of the Speaker of the House of Commons

Publié en conformité de l'autorité du Président de la Chambre des communes

**Also available on the Parliament of Canada Web Site at the following address:
Aussi disponible sur le site Web du Parlement du Canada à l'adresse suivante :
<http://www.parl.gc.ca>**

The Speaker of the House hereby grants permission to reproduce this document, in whole or in part, for use in schools and for other purposes such as private study, research, criticism, review or newspaper summary. Any commercial or other use or reproduction of this publication requires the express prior written authorization of the Speaker of the House of Commons.

Le Président de la Chambre des communes accorde, par la présente, l'autorisation de reproduire la totalité ou une partie de ce document à des fins éducatives et à des fins d'étude privée, de recherche, de critique, de compte rendu ou en vue d'en préparer un résumé de journal. Toute reproduction de ce document à des fins commerciales ou autres nécessite l'obtention au préalable d'une autorisation écrite du Président.