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—
Chair

Mr. Colin Mayes

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•(1105)

[English]

The Chair (Mr. Colin Mayes (Okanagan—Shuswap, CPC)): We'll open the meeting of the Standing Committee on Aboriginal Affairs and Northern Development of Tuesday, May 29, 2007.

Committee members, you have the orders of the day before you. Today we'll be studying the main estimates of 2007-08, votes 1, 5, 10, 15, 20, 25, L30, L35, 40, 45, 50, 55, and 60 under Indian Affairs and Northern Development.

I call vote 1.

Today, appearing before us we have the Honourable Jim Prentice, Minister of Indian Affairs and Northern Development. As further witnesses, from the Department of Indian Affairs and Northern Development we have Michael Wernick, deputy minister; Peter Harrison, senior associate deputy minister; and Jim Quinn, chief financial officer.

Welcome.

Mr. Minister, would you like to open with some comments?

Hon. Jim Prentice (Minister of Indian Affairs and Northern Development): Thank you, Mr. Chairman. I would be pleased to do so.

I'd like to say good morning to you and to the members of the committee. Thank you very much. I look forward to our dialogue here today.

I thank you for the opportunity to discuss the main estimates of the Department of Indian Affairs and Northern Development with you and your colleagues this morning. I'm grateful for the attention this committee has given to my department's agenda over the past year—I guess to our collective agenda. I appreciate your consideration of these important issues, including post-secondary education and housing, as well as legislative initiatives such as Bill C-34 and Bill C-44, which are now before the committee.

I know we all share the same objective, which is to say improving the quality of life for aboriginal people and northerners.

[Translation]

You heard from Indian and Northern Affairs Canada's accounting officer, Deputy Minister Michael Wernick, a short time ago regarding the department's supplementary estimates. I would like to speak today in the context of this year's main estimates, the next step in the financial planning cycle, and we are determined to move

forward to make a real and positive difference in the lives of aboriginal people and northerners.

[English]

The current 2007-08 main estimates include \$6.3 billion for our department. This represents a net increase of \$36 million from 2006-07.

One point I would like to emphasize, particularly for Monsieur Lemay, is that the main estimates are of course simply the first step in the fiscal cycle, the starting point. They do not include resources that will be allocated through supplementary estimates.

Mr. Chairman, funded by the main and supplementary estimates, we are determined to move forward in clearly defined ways through approaches and initiatives that will effect real change in aboriginal communities and furthermore will give aboriginal people the tools and organizational structures they need to take charge of their own future.

I have felt, from the time I became the minister, that we need to effect structural reforms, in particular to protect women and children and to ensure that women are in a position to move forward and advocate on behalf of their children.

[Translation]

First, we need to effect structural reform to protect women, children and families. Whether the reform is legislative, as is the case with the repealed section 67 of the Canadian Human Rights Act, or a change in policies and programs, we must ensure that aboriginal women, children and families have the same rights and have access to the same quality of services as all other Canadians.

•(1110)

[English]

Our continued work to address the issue of matrimonial real property and our recent partnership with the Province of Alberta and Alberta first nations to implement a new approach to child and family services are recent examples of new and innovative thinking, new approaches to the existing challenges in first nation communities. I'm confident that, working in partnership with the provinces, territories, and aboriginal groups, we can build on successes such as these.

Second, we have to consolidate economic development tools to obtain the maximum efficiency from our programs and services, and so that we can enable first nations to take charge of their own economic development. That is why the Aboriginal Business Canada program and the National Aboriginal Economic Development Board were unified under my department in December 2006. This is an important initiative, and there will be more said about it in the future. It is one of the important structural changes that needed to be made to ensure that the department has the tools to deal with economic development, which I think we all would agree is a significant part of the way forward.

Furthermore, under the aboriginal workplace partnership initiatives, we have formalized partnerships with local governments, influential businesses, and trade unions to promote the employment of an aboriginal labour force. I'm especially proud of the agreements that have been signed in the past several months, agreements such as those with Siemens Canada Limited in Saskatoon, the City of Edmonton, the Calgary Health Region, the Nova Scotia Nurses' Union, and the Nova Scotia Trucking Human Resource Sector Council. All of these agreements will bolster the number of employment opportunities available to aboriginal people.

To give you another example, this government allocated \$300 million in budget 2007 for the establishment of the first nations market housing fund. This fund will enable first nation families and individuals to purchase, build, and renovate on-reserve housing that meets their specific needs and tastes. I think everyone in the room is familiar with the fact that a key aspect of this is the leverage that is available from the \$300 million, leverage that would be in the nature of four or five to one. So it's not simply \$300 million; it accesses private mortgage capital in excess of \$1.5 billion, which will be available over time for first nations housing.

[Translation]

The program is expected to help finance the development of approximately 25,000 new housing units over the next 10 years, but the First Nations Housing Market Fund will not only encourage housing development, it will also help first nations people living on reserve to obtain bank loans, build equity and generate wealth through home ownership.

[English]

Third, there is a desperate need to address the existing approach to the resolution of aboriginal land claims. I'm happy to point out that there have been some marked recent successes. The Nunavik Inuit Land Claims Agreement, for instance, was signed in December of last year, resolving this country's last major Inuit land claim, Bill C-51.

Bill C-51, which ratifies this agreement, has recently been introduced in the House, and last year three treaties were also initiated in the province of British Columbia. These were the first to be initiated under the B.C. treaty process. However, much more needs to be done.

I know all of the members here today are eager to discuss these plans and to address the current untenable situation presented by the specific claims process. Although I'm not in a position to elaborate at this time, I'm pleased to note that we have committed to and intend

to announce a new approach to the resolution of this long-standing national issue.

Fourth, we have to work to enable the participation of aboriginal people in major resource development opportunities. The close proximity of our first nations communities to resource development presents opportunities, allows people to participate in these projects in a meaningful manner, and to share in the social and economic benefits that are generated by these initiatives.

I know we've all seen examples of this sort of success in the past. I observed that in the context of Voisey's Bay, for example, close to 50% of the workforce at that facility are first nation citizens. If you go to the diamond mines in the Northwest Territories in the Tlicho area, you'll find that, as I recall, in excess of 30% of the people working at those facilities are first nation citizens.

So we are making progress.

This government recently passed regulations under the First Nations Commercial and Industrial Development Act that will enable the Fort McKay First Nation, in partnership with Shell Canada, to develop a multi-billion dollar oil sands mine in northern Alberta. This is the first initiative of its kind. The project will attract investors from around the world and create hundreds of meaningful, well-paying jobs for community residents.

•(1115)

[Translation]

And we have also dedicated \$500 million to the Mackenzie Valley Socio-Economic Impact Fund. Committed in budget 2006, this fund will assist those communities whose development is affected by the proposed Mackenzie gas project, should the project proceed.

[English]

Fifth, my colleagues, we continue to work forward addressing the residential schools matter. I'm pleased to report to the committee that the Indian Residential School Settlement Agreement has received final court approval, and now former students and their families must choose whether to stay in the agreement or remove themselves from it. All parties to this historic agreement have agreed to a fair resolution of this sad legacy and chapter in the history of our country.

Our new government recognizes the importance of achieving a fair and lasting resolution of the Indian residential schools legacy and of moving forward in partnership with aboriginal communities across Canada. You will be aware that in my early months as minister, I brought the closure, along with Minister Oda, to the negotiations surrounding the Indian residential school settlement. That's also why we supported the motion for the House of Commons to apologize for the legacy of the Indian residential school agreement. The apology took place a month or so ago.

We are moving forward with the implementation of the agreement at this point, potentially as early as September of this year, once the opt-out period is finished. In particular, we look forward to the important work of the Truth and Reconciliation Commission, which is an element of this historic agreement and which will provide a complete historic record of the unfortunate legacy of which we speak.

Not only is this department responsible for first nation, Inuit, and northern issues, I'm also the federal interlocutor for Métis and non-status Indians. My official work with Métis and non-status Indians and urban aboriginal people is to assist them in realizing their full economic and social potential. In this capacity, we recently announced a refocused urban aboriginal strategy in Edmonton, concentrating on job training and entrepreneurship for the nearly 50% of aboriginal people who live in cities and towns across the country.

The approach to the urban aboriginal strategy is based upon a focus on the larger metropolitan centres—12 in number, as I recall. The strategy unites federal, provincial, and municipal governments as well as aboriginal communities and organizations and invests \$68.5 million over five years to improve life and employment skills, to promote entrepreneurship, and to provide support to aboriginal women, children, and families.

• (1120)

[Translation]

Mr. Chairman, you and your colleagues are quite aware that the north is an important part of my mandate. Canada's New Government is committed to working with Canada's three northern territories to develop the north's natural resources, and create jobs and prosperity for northerners and indeed for all Canadians.

[English]

The north holds a significant percentage of Canada's energy resources. They present an immense opportunity for exploration and development—investment for generations to come. Resource-based projects in the north include diamond mines, oil and gas exploration, and other mining activity. They've contributed to increased economic growth in the north over the past number of years.

This economic growth, besides being the means of improving quality of life for northerners, also serves to bolster Canadian sovereignty in the north, raising the profile of Canada. As an Arctic nation, we must do what we can to ensure that the current boom in the north continues, to the benefit of northerners and other Canadians alike.

The International Polar Year, 2007-08, was also launched on March 1. This will be another enabler of growth and development in the north. We expect that the research by Canadian and international scientists, funded through the International Polar Year program, will lead to new knowledge, environmental, health, and economic benefits to Canadians in the north and across our nation.

[Translation]

The two key themes for International Polar Year science—climate change impacts and adaptation, and the health and well-being of

northern communities—will be important to many nations, given the global effects of climate change.

[English]

In closing, I feel it is essential to note that while funding is a crucial element in the success of our programs and initiatives, it is not the only significant factor. I have said before that continuing to fund existing programs without considering their validity or efficiency is not good enough. We must continue to consider whether the means by which we currently deliver services is truly producing the best results for aboriginal peoples and northerners. The funding provided in the main estimates is essential to maintain and advance programs to improve the quality of life for aboriginal people and northerners.

[Translation]

I welcome any questions or comments you may have.

[English]

Colleagues, I welcome any questions or comments you may have. It is a pleasure to be here. I know that we have a reservoir of knowledge at this table concerning aboriginal and northern issues, and I look forward to an opportunity to discuss this.

Thank you.

The Chair: Thank you, Mr. Minister.

We will begin our questioning with Anita Neville.

Madam Neville, please.

Hon. Anita Neville (Winnipeg South Centre, Lib.): Thank you, Mr. Chair.

Minister, thank you very much for being here. We particularly appreciate that you've given us the full two hours today.

I have many, many questions, so I will begin and see how far it takes me.

My first question is related to the overall departmental spending and your priorities. On separate occasions I've heard you say the total aboriginal spending is \$9.1 billion, \$10 billion, and once, even \$11 billion. I haven't heard a consistent message. The one message I have heard from you, and you've reiterated it today, is that the spending your department has committed is enough for aboriginals.

To my mind, the numbers that have been cited have been misleading and certainly lack clarity. The distinctions between all aboriginal spending and first nations spending is certainly blurred. The report we're studying today shows that departmental estimates are just over \$6.3 billion.

Are you willing to identify the disaggregated figures for us so that people can understand the distinctions? Can you tell us how much the department is spending and how much will reach first nations communities, aboriginals on and off reserves, the Inuit, and the Métis? Then I have several other questions.

•(1125)

Hon. Jim Prentice: I'd be pleased to do that. We can work through that in an orderly way. I think we would all agree that it is sometimes difficult in the context of a thirty-second period in question period to convey the complexity of all of this.

The expenditures directed to aboriginal people by the Government of Canada in 2007-08 total \$10.2 billion. In addition, there are the dollars that will be expended on the Indian residential school settlement agreement, which I did not put into the \$10.2 billion figure. We can talk separately about those. An additional sum in excess of \$2.2 billion will be spent on the residential school settlement agreement.

Hon. Anita Neville: I'm aware of that.

Hon. Jim Prentice: Dealing with the \$10.2 billion, it might assist you if I pointed out how this breaks down across the Government of Canada. Indian and Northern Affairs Canada is \$6.7 billion, which is 65% of that total. Health Canada is \$2.1 billion, which is 21% of that total. CMHC is \$300 million, which is 3% of the total. HRSD is \$400 million, which is 3.7% of the total. Other departments and agencies are \$500 million, which is 4.6% of the total.

Then, in addition to that, you have dollars being expended now that were included in budget 2006, which have been allocated to this fiscal year. You recall there were significant dollars for housing, for example. The portions of those for this year, if included, amount to another \$300 million or 2.4%.

That is the total of the \$10.2 billion and where it is found across the Government of Canada. I think that's a partial response to your question. In terms of expenditures on reserve, \$7.4 billion of the \$10.2 billion is allocated to programs and services for first nations citizens living on reserve, and that equates to per capita spending of \$16,500 per citizen based on an updated estimate of the population of on-reserve Canadians of 448,000 people.

Hon. Anita Neville: Can I interrupt you? Is that direct money to the community or does that include administrative costs in your department? I'm interested in knowing what individuals receive, Minister, please, or what communities receive. I want to know whether the figures are calculated in that \$16,500, because it's a different perception.

Hon. Jim Prentice: If you look at the grants and contribution vote on what you have in front of you, \$5.2 billion is the direct grants and contributions that are made. That's not the sum total of the expenses.

But back to your point, of the \$6.3 billion that is spent, 82% of that, or \$5.2 billion, is administered directly by the bands, the first nations themselves.

Hon. Anita Neville: Minister, you identified very clearly in your document that your priorities are women and children, and I think no one can disagree with you. How we get there is a matter of discussion and sometimes disagreement. My question is, in determining the priorities for aboriginal Canadians, why are you not addressing the concerns they prioritize, that they come forward with and say are their immediate issues? Why are you determining the priorities rather than allowing them full and proper participation in the establishment of those priorities?

Hon. Jim Prentice: I wouldn't agree with the premise of the question. We've been working together with first nations leaders responding to the very issues that have been brought forward, and I can tell you that in the course of the last month alone I've met with the chiefs of the Union of Ontario Indians and the Federation of Saskatchewan Indian Nations. This weekend I met with the First Nations Leadership Council in British Columbia—

•(1130)

Hon. Anita Neville: I'm aware of that.

Hon. Jim Prentice: In all of these areas, we are responding directly to the current concerns.

In terms of women and children in particular, when I became the minister I made it quite clear that the child and family services side of the department required serious renovation, and we set about doing that. We have this spring rolled out, first in Alberta, what has been called the early response model. It is a complete restructuring of the child welfare authorities under which this department operates. It is a reform that has been required in this country, really, for at least 25 years, and this is the government that's actually doing it, and we're making the investments.

It has been brought into place first in Alberta, with the unanimous consent of every single first nation in Alberta plus the Alberta government. We're now engaged in discussions with other provinces and first nations who want to move forward. I met with representatives of the provincial government in Saskatchewan and the FSIN. This is their number one priority, and we're working together with them to move forward immediately. We're moving forward similarly, in the next very short period of time, with British Columbia.

So that's an illustration of what is clearly the number one priority amongst first nations in that part of Canada, which is child and family service authorities and the large number of kids in care, and we are moving forward on their priorities.

I add to that a similar approach on education. When I became the minister...it is clear to me, I think clear to all of us in the room, that we're not making the strides on aboriginal education that we need to. We therefore developed, in concert with the Government of British Columbia and first nations, on a voluntary basis, a new approach to education. We are now in the process of taking that same approach forward, working with other first nations and provinces that want to implement that same approach.

So we are responding directly on the issue of women and children to the priorities of first nation citizens. On other issues requiring structural change, such as matrimonial property—

Hon. Anita Neville: Am I out of time?

The Chair: Yes, you're out of time.

Hon. Jim Prentice: Fortunately, we have two hours.

Hon. Anita Neville: Thank you.

The Chair: Maybe we can continue on that question in the next round.

Mr. Lemay, please.

[*Translation*]

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Thank you, Mr. Chairman. I would also like to thank the minister and his team for being here today.

Minister, I would like to begin by drawing your attention to the presence of Mr. Ghislain Picard, Regional Chief of the Assembly of First Nations of Quebec and Labrador. He is accompanied by a number of young people, parents and children—not all of whom fit into this room—who are concerned about the education available to first nations people, particularly in Quebec. With your permission, this is a subject that I will return to in a few moments.

Minister, I have here a document. There is no way that you cannot be familiar with it, as it comes from your department. It is called "The Funding of Basic Services for First Nations: Cost Indicators, Annex F, Consolidation Report, November 2006".

The document states—and I will quote it to avoid any ambiguity—that even with budget 2007-2008, there would still be an annual shortfall of \$938 million just in terms of what is needed to ensure equality of services. I will not go into all the details, I imagine that you are familiar with the document. I find this situation extremely worrying.

I read your presentation and was struck by a comment that you made on page 27. You said: "I have said before that simply continuing to fund existing programs without considering their validity or efficiency is not good enough."

As the presenter of a well-known Quebec television show would say, now for the killer question. Minister, are you freezing first nations funding while you study the validity and efficiency of existing programs? It seems to me that you are. I hope that you will tell me that I am mistaken. This is not about political point scoring, I am concerned about the education available to first nations people. How is it that since 1998—and here I point the finger of blame at those seated to my right—the first nations funding formula has never factored in the cost of equipping schools with IT resources? In plain English, there is not a computer to be seen. How is it that our young first nations students do not have computers in their schools?

There is also the matter of the cost of running school libraries—there's no money for libraries. I have seen that with my own eyes in Pikogan, in my riding, and in Timiskaming First Nation. I have seen for myself. Furthermore, no provision is made for professional development training. Why is that? There is no provision for extracurricular activities such as sport and recreation.

• (1135)

[*English*]

The Chair: Mr. Lemay, you have three minutes for an answer.

[*Translation*]

Mr. Marc Lemay: My question was clear, and it calls for a clear answer.

Hon. Jim Prentice: Thank you, I greatly appreciate your questions—and there were many!

[*English*]

Let me deal first with the issue of the expenditures and the document of November 2006, to which you're referring.

This refers to certain basic services that are provided by first nations and funded in part by the Government of Canada. What that does not reflect are the additional investments that this government has made. They do not reflect, for example, the \$300 million included in budget 2006 for off-reserve housing; nor the \$300 million in budget 2006 for northern housing; nor the \$150 million, additional, in budget 2006 supplied to education, family services, women, children—those kinds of issues—nor does it include the \$300 million applied to on-reserve funding for a private housing initiative this year. All of those are incremental to and in addition to what you're speaking of in terms of the Government of Canada's programs and services.

So you need to look at the overall picture, which is a \$10.2 billion envelope of program and service expenditures, the vast majority of which is administered to on-reserve citizens and the vast majority of which is administered by first nations themselves.

In terms of education, there's much we could say about education, and one could go back to the era of the residential school situation. In the time since then, the Government of Canada has been working towards a system in which there are individual funding arrangements for individual first nations. The Government of Canada essentially puts forward \$1.667 billion per year towards education. Of that, \$1.123 billion is expended on elementary and secondary education; \$314 million, as you know from your study, on post-secondary education; \$229 million on other issues, which includes special education and also administration.

The dollars that are being expended are, in total, expended on about 125,000 children in schools. If you do the math, you'll see that this works out to something in the neighbourhood of \$10,000 per student, in terms of actual dollars that are provided. The comparison that many people make is to what is being spent in the provincial school system. It is roughly comparable. It is slightly less than in some provinces, slightly more than in others. With some of the provinces, like Alberta, which are extremely well funded, it is difficult to keep up. By and large it is a fair comparative expenditure.

One of the challenges we do face is the large cost of capital investments in remote communities for the construction of schools. For a school that might typically cost \$9 million or \$10 million to build in southern Canada, in Ontario or Quebec, costs are running at \$20 million to \$30 million in northern communities, especially communities where everything has to be brought in on winter roads. We continue to wrestle with those issues.

I've made it very clear that education is a priority. There are no funding cuts to education. That is not the case. There's no funding being stopped to education authorities. Rather, we're trying to work forward with the British Columbia model, taking it to other provinces, Quebec included, because it is first nation driven. It will create a school system with the support of first nations that will work hand in hand with the adjoining provincial school system to give first nation children the opportunities they need.

Mr. Lemay, I agree with your sentiment that nothing we do is more important than education.

• (1140)

The Chair: Thank you, Mr. Minister.

Madam Crowder, please.

Ms. Jean Crowder (Nanaimo—Cowichan, NDP): Thank you, Mr. Chair.

Thank you, Minister, for coming before the committee today.

I also want to acknowledge the elders, chiefs, and young people who came here to bear witness today. It's an important event for people to come to hear about the issues that the Canadian government is discussing.

When you came before the committee back in 2006, I raised the issue of the funding for the B.C. Treaty Commission. In the estimates for 2006-07 there was a specific line for funding for that of \$0.2 million, and I couldn't find it in this year's estimates. I just want to confirm that funding for the B.C. Treaty Commission process is still there.

I also want to come back to education. You have publicly stated your commitment to the importance of education. As you know, this committee looked at post-secondary education, but there are a couple of things on which we need clarification.

There's a well-acknowledged 2% cap that's been in place since 1996. The Auditor General herself has pointed out that on-reserve population growth is far above the Canadian average. In the cost drivers project that the department put together, they said funding shortfalls needed to be met for education around internal reallocation of resources. They said that expenditure for instructional services for students in provincial schools was growing at twice the rate as the same expenditure for band-operated schools. They said the socio-economic influences are often not taken into consideration, so the real costs for remedial programs related to basic skills, nutrition programs, extracurricular programs associated with sports and recreation, and after-school programs that enhance the school experience are not taken into consideration. I know that the lack of progress on the band-operated funding formula is causing great distress amongst communities across this country.

In addition to that, in the estimates for 2006-07—and I realize these are estimates—when you look at the funds allocated for education activity, in 2006 they projected spending \$1.66 billion. The projection for 2007-08 was about \$1.8 billion, but when we come to the figures in the actual 2007-08 estimates it's \$1.67 billion. So it seems that in 2006-07, when the estimates were created, they projected an increased need, yet it dropped fairly significantly when the actual estimates were put forward for 2007-08.

In addition, you raised the issue that an average of \$10,000 goes to a band for the education of children on reserves. I know that a number of band-operated schools don't get anywhere near the \$10,000; some are getting \$7,200 or less. In many rural and remote communities that additional money required to operate in a rural and remote community.... I have a study done through the First Nations Education Council that says provinces all across Canada actually recognize these differences and fund anywhere between \$10,000 and \$21,000.

So I guess there are two questions. First, given that in 2006-07 the government projected spending \$1.7 billion and it's actually come down substantially to \$1.6 billion, what has changed? We know the need has increased. What is the government doing to address the very serious needs in rural and remote communities due to the gap in funding between what the government is providing and what the province is providing? Perhaps you could also answer the question on the B.C. Treaty Commission.

• (1145)

Hon. Jim Prentice: Thank you for those good questions.

On the B.C. Treaty Commission and the \$0.2 million, I'm not sure which line entry you're referring to, but it doesn't matter. The important point is that we just recently advanced the annual allotment to the B.C. Treaty Commission, which, as I recall from memory, was about \$35 million. And we carry on with the B.C. treaty process, which is fully funded right through to 2009.

Ms. Jean Crowder: [*Inaudible—Editor*]

Hon. Jim Prentice: Absolutely. There's no change of anything there.

Now, I will tell you—and I'm sure you have thoughts about this that you and I haven't had a chance to exchange yet—there are significant questions being asked about the B.C. treaty process. The Auditor General has offered comments about it. At this point, as a nation, we have invested close to \$1 billion on the negotiations in British Columbia. With the exception of the three agreements that I initialled, as minister, there have been no agreements reached under that system. So it has raised some significant questions about why and what the problems are and what kinds of changes need to be made.

That's another dialogue that you and I can have, but I can assure you that the B.C. treaty process continues to be funded and moved forward at an inexorable pace.

In terms of your second question, the difference between the projection of \$1.79 billion and the supplementary estimates of \$1.6 billion, I'll have to determine why we have that difference. It's certainly not a case of reducing expenditures. In fact, I can tell you, above and beyond the education numbers that we're talking about—the \$1.6 billion—we have been making additional capital investments. In the last six months alone, I've announced new schools that would total over \$60 million in a variety of locations.

We try to be responsive to the needs of individual communities. You're aware I went to Pikangikum. Maybe it's useful to focus on a specific illustration, but I went to Pikangikum and I found a community of about 2,000 people, and a school built for 300 children with 700 children in it. No one, to this point, had done anything about that. I met with the community. We announced capital investments into Pikangikum of \$47 million to ensure that the community has, first, hydro, followed by sewer and water, and a new school as part of that. As I recall, the school was about \$17 million. So those are the kinds of steps we need to make on individual communities.

The biggest challenge with the education system, I would submit, is not the dollars per se; it is rather the absence of an overall school system that individual schools are part of. Previous governments have created a system in this country where individual first nation schools are one-off schools operating outside any school system. It's fair to say that it's not working very well. We are achieving the lowest educational outcomes certainly anywhere in Canada, and amongst the lowest in any western democracy, from this approach.

The first step to change that is what you and I both know we've done in British Columbia. The challenge is to now move that forward across the country, make the structural changes, and deal with the funding issues. At the end of the day, we currently operate in a circumstance where all of this money is going to first nations. It is not being frittered away on administration. The Department of Indian and Northern Affairs has only 34 people working in the education area, so virtually all of the dollars we're talking about make their way through to first nation communities, which are then responsible for running their own schools.

• (1150)

The Chair: Thank you, Mr. Minister.

To the government side, Mr. Bruinooge, please.

Mr. Rod Bruinooge (Winnipeg South, CPC): Thank you, Mr. Chair.

Thank you, Minister Prentice, for coming today before our committee.

Perhaps we could get you to talk a bit about the Indian Residential Schools Settlement Agreement. I know that it was one of your priorities upon taking office, but sometimes I think, as parliamentarians, we forget that we sat for the first time in early April 2006, and it was in May that this agreement was ratified. As a new parliamentarian, I thought that was just a “par for the course” kind of government operation. But now that I've been here a year, I realize this was rather expedited.

So I guess my question would be more along the lines of whether you could give further detail to the way the agreement has unfolded,

subsequent to that expedited ratification in May of last year, and talk a bit about some of the advance payments.

I have a few more questions, as well, after that.

Hon. Jim Prentice: Thank you.

The residential school agreement is something, of course, of historic importance. It was pulled together in pretty incredible time, as one looks back at this point, but I think it's an agreement that all Canadians can take pride in. It involved a court ratification process that, of course, we had to work through, which is not actually completely finished yet. The ratification process required the approval of judges in nine different jurisdictions. Those approvals have now been secured. We're now into what is known as the opt-out period, which completes or expires about mid-September. Once we're through the opt-out period, assuming everything is set to go, we will be into the actual rollout of the common experience payments. The common experience payments are budgeted to be \$1.9 billion. They should be in the hands of most first nations citizens by this fall, the latter part of the year.

I think you're aware, as well, that in addition to that there was \$125 million provided to the Aboriginal Healing Foundation. Since the court approval doesn't vest until this fall, we found it necessary to provide bridge financing to the Aboriginal Healing Foundation, and that has been put in place. So that has been taken care of. We're also dealing with the legal fee issues, and moving forward on the Truth and Reconciliation Commission, which is budgeted for another \$60 million.

I must say, of the many positive aspects of the agreement, the Truth and Reconciliation Commission, I think, is first and foremost about our coming to grips with all of this as a country, and it's something I believe in quite fervently, going back to my days in opposition and experience I've previously had in South Africa. But my sense is that the Truth and Reconciliation Commission and the work that they do will help achieve healing for this country. I've already seen indications that this in fact is happening and that it will be a great success in that regard.

We're now engaged in the process of selecting the commissioners, the three distinguished Canadians who will, at the end of the day, head up the Truth and Reconciliation Commission. We've actually engaged in a process to select the process by which these people will be selected, so that there can be no criticism whatsoever that they are respected Canadians, known for their integrity beyond criticism or reproach, and they will head this up. We're all looking forward to that. It's going to be very exciting, and I think it will help us achieve closure. So this is an historic agreement on which we are well along to the implementation.

I can tell you the numbers of payments that we expect. We've also provided advance payments to the elderly, and that, of course, has been taken care of over the past many months. The total value of the payments to the elderly was \$82.6 million, and as I recall, there were approximately 13,500 people who applied. Those are the numbers in terms of the advance payments to the elderly. The anticipated recipients of the residential school common experience payments are, of course, much more numerous, expected to be in the vicinity of about 80,000 first nation Canadians.

So it's a great-news story, and we're moving forward. It's important as a country to put this behind us, and I'm satisfied that in the fullness of time we will.

• (1155)

Mr. Rod Bruinooge: Could you perhaps explain a little further how the opt-out process works? I know it's integral to the agreement finally being ratified. Could you highlight some of those details for us to get a better understanding as to the timing of when it's going to finally be ratified?

Also, could you give me some further understanding as to when the healing foundation and truth and reconciliation process will formally begin?

Hon. Jim Prentice: Let me deal first with the common experience payments and the opt-out clause.

Really what the residential school agreement does is close the most complicated class action lawsuits in Canadian history, class action lawsuits that had in excess, as I recall, of 30,000 individual plaintiffs who had sued the Government of Canada in a variety of forms. So this is not simply an agreement that gives effect to social objectives, but it's actually an agreement that achieves the resolution of the most complicated and difficult lawsuits that the country has experienced.

The effect of the agreement will be that all of the claims of both the people who attended residential schools and their descendants will be extinguished as part of the court-approved settlement. As a result, it's necessary to ensure that those people who are entitled to benefit under the agreement have a chance to opt out, have a chance to make a conscious choice that they don't want to be part of this settlement, and that they don't want to extinguish their claim or the claim of their children. They therefore have the legal ability under the court process to make a decision to walk away from the settlement and opt out. If enough people opt out, then the agreement collapses, or rephrased, the agreement becomes voidable at the option of the Government of Canada. That threshold is 5,000 individuals.

We're making progress at this point. There's actually a very small number of individuals who have opted out at this point, which I think speaks well of the agreement. We don't anticipate that we will be near that opt-out threshold, but that call really can't be made until September of this year. So once we're through the opt-out period, then the agreement can be properly applied to everyone who is a recipient, a beneficiary, under the agreement. We expect to make progress there.

The implementation will be in September of this year. That's when we move into the implementation phase. Peter Harrison is a very experienced individual with the Government of Canada, with a lifetime of experience. He heads up the department for Indian residential school settlement and is responsible for the full administration of this and is doing an excellent job at it.

• (1200)

The Chair: Thank you.

Madam Karetak-Lindell, we're beginning the five-minute round now.

Thank you.

Ms. Nancy Karetak-Lindell (Nunavut, Lib.): Thank you.

Thank you, Mr. Minister, for being here, and also to everyone who's here to listen today.

I have a lot to cover in our second round with only five minutes. I'm just going to take your comment about the residential schools having gone so well as actually a compliment to the previous government, which I think pretty well settled it, and all you need to do is carry it through.

Because everyone else has asked questions on other areas, I'm going to focus more on economic development. As I look through some of the planned spending, I see a lot of decreases in the areas that have something to do with economic development: the clarity of title to lands and resources, economic development for aboriginal people, and economic development, northern land and resources, even community infrastructure. Those I see as all key parts of fostering good economic development in our communities, and I see a very big drop. I know you've transferred Aboriginal Business Canada from Industry Canada, which I don't necessarily agree with either, because the expertise was in Industry Canada, and I thought we were moving to a phase where economic development was economic development, not that just because it's aboriginal people it has to be under Indian Affairs.

So could you explain why there is such a drop in that? Aboriginal Business Canada is only \$49.1 million on the next page; it doesn't account for all the different reductions in that.

Could you also talk little bit about your relationship with organizations that represent aboriginal people in Canada? We're hearing a lot through our Bill C-44 witnesses that they're not getting an opportunity to really work with you on priority issues. I see a drop in cooperative relationships too, that the funding has gone down in that, so I don't know if that explains part of it. I have a group called the Land Claim Agreement Coalition who have come together—all the different land claims organizations have come together, and it's a rare thing for them to be able to come together and work together—and they haven't been able to get cooperation on the government side to really implement land claims organizations.

I know I don't have that much time. I'll leave the rest with you.

• (1205)

Hon. Jim Prentice: Well, thank you, colleague. You've raised a number of issues.

I've given a lengthy speech about the Indian residential school settlement, and I won't recap all of that. I would observe that victory has many fathers and failure is an orphan. Certainly all of the political parties represented at this table had something to say about the residential school matter. I would simply close by noting that it was this government and me, working together with Mr. Fontaine, who negotiated the issues that needed to be resolved to put the agreement in place. It bears our signature, and all of that happened in the opening three months of this government.

Moving forward, in terms of economic development, I don't think you and I agree on this point. The reason the economic development authorities were consolidated into INAC related to almost the universal comments that I received from first nation leaders. Almost without exception, first nation leaders I talked to in the early part of my tenure as minister said they were deeply unhappy with how the aboriginal economic development portfolio was not receiving the attention that it needed to receive and that it had received when it formed part of INAC.

I think we all know that economic development is the key to the future for first nations in particular, and Inuit people as well. The sense was that if those authorities formed part of the authorities of the Department of Indian and Northern Affairs, we would have more direct levers to have a say and to assist in economic development. In many cases, the economic development initiatives are also on a parallel track with land claim settlements and payments, so it made sense to consolidate them. The consolidation, I would emphasize, was not my idea; it originated with first nations leadership, who asked me to do it.

In terms of what we need to do on a go-forward basis, the National Aboriginal Economic Development Board has been renewed and renovated. In the days ahead I will announce the new appointments to the board. There were many vacancies on the board when we became the government. I've had a singular test, which is that people who sit on this board need to be first nation and Inuit leaders who command respect, who are deeply involved in economic development.

Most of the people who've agreed to come on this board control hundreds of millions of dollars of assets—if not billions of dollars of assets—themselves, through their first nations or Inuit people, I would emphasize. So they are a remarkable group of Canadians. People will really take notice of who they are. They will be there to assist us in moving forward with budgetary issues and economic development issues—

The Chair: We've actually run out of time, so I'm going to move on to Mr. Albrecht, please.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Thank you, Mr. Chair.

Thank you, Mr. Minister, for being here today.

I noted throughout your comments, and obviously prior to these comments today, a theme of focusing on economic development. Certainly when I've spoken to constituents in my riding and also to first nations people in the last year, that has been one of their primary comments, that this is where we'll get the largest value for any new initiatives.

You commented about the unification of Aboriginal Business Canada and the National Aboriginal Economic Development Board, and you go on to talk about, on page 9, the workplace partnerships between government, businesses, and trade unions to increase the level of employment of the aboriginal workforce. I'm just wondering, what kind of uptake or adoption are you getting from this idea? I think that if we can include private partnerships in this, it will certainly leverage, as you point out, the amount of government investment and will also create ownership. Is there an early adoption

of this principle as you move across Canada? You've given us some examples here, but maybe some others are waiting in the wings that you could share with us, if that's not divulging private information.

Hon. Jim Prentice: No. Just to complete my last answer, which really transitions into this one, I can tell you that we also have a new full-time economic development ADM for the first time in the department. For the first time, we also have other new and enhanced staffing to really get on with economic development with first nations.

You were speaking about partnerships; there is an enormous appetite for them within the private sector. The examples I've illustrated are some of the first and earliest ones we've engaged in. These programs really do work. They are reasonably modest in terms of the financial investment on the part of the Government of Canada, but they allow significant progress in terms of the employment of first nations citizens through sitting down and working in partnership with a provincial government or a local municipality—as in the case of Edmonton, for example—or the private sector in clearing away the impediments to getting first nations citizens into job opportunities. They are very proactive. The whole AWPI process, as it's called, is something that bears real fruit. There are tangible results. There are immediate results. We're seeing that in all of the places where agreements are signed.

It also focuses individual Canadians in the private sector on their responsibility and their role to go out and recruit first nations citizens. I was struck by one of the first signing ceremonies I took part in. It was with the nursing association of Nova Scotia. I asked them how many nurses in their profession were first nations people. The number was pretty close to nil. It was quite surprising. That is an organization that has taken it upon itself to go out and really recruit young aboriginal men and women to bring them into that profession. We see the same thing up north in the area of the oil sands in Alberta, in northern Saskatchewan, and certainly in the Northwest Territories.

This is really where the future lies. It is an excellent program.

• (1210)

Mr. Harold Albrecht: I agree that it is where the future lies, and if the broader Canadian public were made aware of it, they would be totally supportive of it.

Do I have any time left, Mr. Chair?

The Chair: You have one minute.

Mr. Harold Albrecht: Could we have a quick note about the \$300 million, and the leverage through making this available through CMHC? If you could just flesh that out in the next 45 seconds, it would be helpful.

Hon. Jim Prentice: In terms of structural changes, which previous governments have not been prepared to do and our government is, this is extremely important. It has gone from being an idea ten years ago to being the way of the future. I'm not naive enough to think it will satisfy all the housing needs in all the first nations across the country, but it will meet part of the demand that exists.

The government has put forward \$300 million; the banks will lever off that with an additional \$1.5 billion or thereabouts. All of those dollars are available to first nations that want to construct private on-reserve housing. It is already starting. We are already starting to see the interest in this; applications are coming in. It will be rolled out and implemented in the spring of 2008, but it already works.

I would emphasize that this idea came from first nations. It comes from places like Lac La Ronge in Saskatchewan, Chief Darcy Bear's community in Saskatchewan, and other places where first nation private housing has been tried and is working.

In closing, Mr. Chairman, on this point I will simply say that I have felt for some time that nothing is more important than the right of a first nations citizen, if they choose to own their own house and to build up their own equity, to draw on that equity for the education of their children or for their retirement, in the same way as all Canadians do.

The Chair: Thank you, Mr. Minister.

Mr. Lévesque is next.

[*Translation*]

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Minister, I would like to begin by acknowledging your support with regard to the Quebec Pavillon des Premières Nations. Unfortunately, you have not been quite as impressive in other areas. I do not know whether you recall the commitment made in 1977 by the department and the then prime minister to consult first nations before introducing any changes. On page 1 of your report, you refer to Bill C-44 and, on page 7, you mention the repeal of section 67.

This is what I want to discuss first. Everybody agrees that first nations ought to be subject to the same laws that govern other Canadians. However, when we impose obligations upon first nations, we must also give them the means to meet these obligations. For some time now, people have been voicing their concerns about primary education. The study on post-secondary education revealed a problem: young people are not finishing primary school because the primary school system is inadequate. There is not enough money to build schools and there is a shortage of teachers.

Even today, first nations people have to fight for schools and struggle to find qualified teachers. How can we possibly ask first nations leaders to take on the same responsibilities as their non-first nations counterparts?

Let us now turn our attention to Bill C-51, which deals with the Nunavik land claims. You tabled this bill in the House quite some time ago. The committee unanimously supported fast-tracking the bill, we were in favour of fast-tracking the bill because it represented a commitment by your government to the Inuit. It was a laudable commitment. Everybody supported it.

Given that this bill falls under the purview of your department, could you please explain why it has not even got to second reading in the House?

•(1215)

Hon. Jim Prentice: Mr. Chairman, I would like to thank my colleague for his question. With your indulgence, I shall answer in English.

[*English*]

The Inuit-Makivik legislation, Bill C-51, is at the House. The issue is whether there's going to be a clause-by-clause review by this committee, and if so, when it is going to happen—or whether it is, frankly, necessary.

There is a second bill, which relates to the province of Quebec, that has been working its way through the Senate: Bill S-6, which relates to the bijuralization, if you will. It's an extremely important bill. It's inexplicable why it has not happened to this point, but all of the modern self-government legislation that has been put in place over the last number of years was not put in place for Quebec first nations at the same time. We wish to rectify that.

I anticipate that both of those bills will be before the House in the way that you anticipate, hopefully very quickly, so that we can deal with them and move forward. That's something that you and I and Monsieur Lemay and others will continue to work together on. I wish to see those two bills enacted as law as quickly as possible. I think we can achieve that.

With respect to Bill C-44, I must say this is a piece of legislation that gives to first nations citizens the protection of Canada's Human Rights Act. I don't think the parliamentary committee should study it endlessly. The operative clause of the bill is only nine words long. It says: "Section 67 of the Canadian Human Rights Act is repealed." That would lift a barrier that prevents a first nation woman, for example, who's not satisfied with the quality of education her child is receiving from filing a complaint, a grievance, either against the Minister of Indian Affairs and Northern Development, whoever it happens to be, or against her own council, if she feels that's where the issue isn't being dealt with.

This is one of the elements of modern governance that clearly has to be available to first nations citizens as we move forward to self-government. I think it's wrong that first nations citizens in Canada do not have the right to file human rights grievances the way other Canadians do. I think it will advantage women and children significantly, and I ask for the committee's cooperation.

The committee has been studying this subject now for 16 weeks, and I think it's time the committee moved this bill back to the House of Commons. If at that time the opposition parties do not support the concept of Canada's first nation citizens having human rights protection, you'll be afforded an opportunity to stand up and cast a vote. But let's get this issue back to the House of Commons and move forward. This committee has much other important work to do.

•(1220)

The Chair: Thank you, Mr. Minister.

Mr. Storseth, please.

Mr. Brian Storseth (Westlock—St. Paul, CPC): Thank you, Mr. Minister, for coming forward to discuss the main estimates with this committee today. I have to admit I think the committee is a little disappointed. When we first arranged to have you here for two hours, I believe all members were hoping to have Bill C-44 passed. Hopefully your presence will inspire some renewed invigoration of this file.

Minister, I want to say that in my constituency people are very impressed with the leadership you have shown on this file; leadership in going to places like Pikangikum and seeing these issues first-hand and being willing to tackle these things first-hand when other members of Parliament, quite frankly, aren't willing to go there to do some of this dirty work.

Minister, water safety is an issue that is all too often taken for granted by average Canadians. In my area, however, having access to safe drinking water is unfortunately something that many of our first nations people on reserve have long been denied. The department's main estimates include a sizeable increase in funding for water safety initiatives.

Could you please outline for our committee, Minister, the direction you are taking to ensure safe water for first nations people living on reserve?

Hon. Jim Prentice: Thank you very much, and thank you for your kind comments.

One of the visitations I know you're referring to was my trip to Pikangikum. I had suggested that members of this committee might go there, either alone or with me, to meet people in the Pikangikum community, and I must say this government has responded to the circumstances we found in that community. Drinking water is an issue in that community because there is no hydro connection in Pikangikum, and since there's no hydro connection, it's impossible to electrify the pipes so that there's running water or running sewer.

I would say—and people need to know this—that all the people of Pikangikum had to show for their relationship with the previous government was an acrimonious lawsuit that had been going on and, frankly, an expenditure of \$7 million to run a hydro line into the community, but which resulted in power poles basically lying around on the ground and outdated equipment being stored in Quonset huts. The power line was not advanced 10 feet, despite the expenditure of \$7 million.

That's not how this government conducts itself; that's maybe how others have. So we went there and announced a program to connect Pikangikum to hydro, and then to provide water, sewer and a school, with an investment of \$47 million in that community.

So those are the sorts of initiatives that we're moving forward with.

On drinking water, when I became the minister I inherited a circumstance where far too many first nations were operating with high-risk drinking water systems. In the previous parliament, we all saw the consequences of that in places like Kashechewan and other communities. I asked for an inventory, when I became the minister, of how many places there were in this country where first nation citizens were at risk because of the quality of the drinking water. I was told, after all the material was assembled, there were 193

communities where first nation Canadians were operating with high-risk, or worse, drinking water systems. And what is worse than high-risk is a community being at risk, and there were 21 of those communities that we inherited from the previous administration.

We've taken real steps to reduce those numbers. The number of 193 has been reduced down to 97 at last count, and we've dealt with as many of the 21 communities as we can. Some of those require investments and actual construction of new water plants, and we're making significant progress.

I've just had meetings with the Government of Saskatchewan and first nation leaders last week. They want Saskatchewan to be the model of the way forward for our country, where we will work together in concert—the Government of Saskatchewan, the Government of Canada, and first nation governments—to ensure that all of the drinking water systems in Saskatchewan are up to standard and that we enact standards that will apply, so that Saskatchewan citizens, aboriginal or non-aboriginal, have the same water standards applying to them, and we can move forward with systems that sometimes are integrated across reserve boundaries.

So we're making progress. It's a big job, and I'm pleased with the progress we've made. Again, it will be necessary to move forward in a legislative way, and legislation will come to this committee, dealing with the way forward, to ensure first nation citizens have the same water standards as other Canadians.

• (1225)

The Chair: Thank you.

Madam Crowder, please.

Ms. Jean Crowder: Thank you, Chair.

I'm sure the minister is well aware that we've had 150-plus years of abject neglect, discrimination, assimilation, and even genocidal policies that both Conservatives and Liberal governments need to own. It hasn't just been a favourite phrase in the House of the last 13 years. There has been over a century of neglect.

There are a number of line items that I could address in the budget. But I think the overall issue comes down to what is commonly referred to as the 2% cap, when, by comparison, the CHT and CST payments to the provinces are rising by 6.6% per year and are protected by legislation against inflation.

The Auditor General pointed out that funding for first nations programs has increased, but not at the rate equal to population growth. She goes on to talk about the fact that the average increase worked out to 1.6%, excluding inflation, but the population actually increased by 11.2%.

In the department's own cost driver document, it

says: The rationale is that after nine years of a 2 percent cap the time has come to fund First Nations basic service costs so that population and price growth are covered in the new and subsequent years. Over the period of the 2 percent cap departmental per capita constant dollar expenditures for basic services have declined by six percent.

When I look at the estimates that come before us and the department's own extensive work on the serious underfunding in housing, water, education, economic development, and land claims, in almost every single category the department itself has identified serious underfunding. The Auditor General has identified serious underfunding.

Although there are some increases in the proposed funding, when you make statements such as that Bill C-44 will allow a woman to file a complaint about quality child care, you and I both know she can file a complaint until the cows come home; if you don't provide the funding, she can't access quality child care anyway.

What is the government's plan to address the issues that have been identified in the cost driver project about the consistent underfunding as a result of the 2% cap?

Hon. Jim Prentice: First, I don't agree with the premise of your question.

In terms of the expenditures the Government of Canada makes, we can isolate the 2% cap issue that relates to some of the expenditures. I'm happy to talk about that.

At the end of the day, the reality is that the Government of Canada expends \$10.2 billion on programs and services that are largely directed to 448,000 on-reserve citizens in this country. It is a very significant amount of money. First and foremost, we need to ensure those dollars are well targeted and well expended and that we are getting results. We're working on that.

In addition, in terms of the 2% cost driver analysis you're talking about, I made the point earlier that it does not reflect all of the other expenditures that have been built into the last two budgets of this Conservative government, which provide for increases in expenditures in targeted areas where we wish to see results, and that includes women, children, and education.

The \$10.2 billion therefore reflects other expenditures that are not capped in any way and have been put forward as single approval payments to deal with many of these issues.

The other assumption that underlies your concern relates to the percentage of the cost of governmental services in first nations that should be borne by the Government of Canada. Is it 100 cents on the dollar? Do you advocate a situation where 100 cents on every dollar expended by a first nations government comes from the Government of Canada?

• (1230)

Ms. Jean Crowder: I think it would make sense to sit down with first nations and develop a plan to address this on a nation-to-nation basis. The Government of Canada took on a responsibility over 150 years ago that it can't now abandon because, in their view, it's become far too expensive.

Hon. Jim Prentice: I'm not suggesting that it be abandoned, by any means. This government is expending \$10.2 billion. That's \$1.1 billion more than the previous Liberal government expended on aboriginal programs and services. It's a very large amount of funding.

Ms. Jean Crowder: But that also includes the hundreds of Department of Justice lawyers who the government pays to actually

fight court claims. Are you saying that the \$10.2 billion doesn't include the Department of Justice?

Hon. Jim Prentice: I don't believe it includes the Department of Justice. It includes expenditures on the Department of Indian Affairs and Northern Development, but that's like 4% in terms of administration costs. Most of this money, the lion's share of this money, is paid out as grants and contributions by the Government of Canada to first nations, which are then responsible for the expenditures.

Ms. Jean Crowder: That's \$5 billion to \$6 billion, but that's not the other \$4 billion.

The Chair: Thank you.

We're moving on to Mr. Blaney, please.

[Translation]

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

Firstly, allow me to welcome both the minister, who is here for a third time with his highly experienced team, and the Regional Chief of the Assembly of First Nations of Quebec and Labrador, Mr. Ghislain Picard. I see that the Chief of the Témiscamingue First Nation is also here, as well as community representatives and people who work in education in Quebec, such as Mr. Whiteduck. I would like to extend a warm welcome to them and point out that they are always welcome at any of our committee meetings.

As you know, Minister, since you were also there, Quebec representatives recently met at the first nations socio-economic forum. Education was amongst the subjects on the agenda and a commitment was made with regard to the aboriginal pavilion and an agreement was signed with the majority of Quebec first nations.

Housing was also discussed at the forum. In your presentation this morning, you mentioned what I believe to be a crucial program—the first nations market housing fund. You spoke about developing approximately 25,000 new housing units over the next 10 years. Three hundred million dollars have been earmarked for the fund for 2007. At the first nations socio-economic forum, it was agreed that an innovative approach to housing was required in order to reduce the gap between supply and demand.

I would like you to begin by telling us how your housing initiative will reduce this gap, particularly in Quebec.

Hon. Jim Prentice: Thank you.

[English]

The figure of 25,000 housing units is an assessment of the shortfall. Not everyone agrees on what that figure is. There are many who think it's significantly higher. But the 25,000 is the department's assessment of the shortfall of houses amongst first nation citizens.

The issue becomes how to address that shortfall. Should every single one of those houses be a social house, provided by the Government of Canada? Or are there first nations citizens who are interested in owning their own property? We know that across Canada—I hope in Quebec—there are first nations that wish to come forward and have private housing, on reserve, owned by the first nations citizens themselves.

In the context of Quebec, Bill S-6 becomes extremely important, because it is Bill S-6 that provides the clearest and fastest method for first nations to be able to access that opportunity. Again, it's very surprising that this wasn't done previously, but essentially first nations in Quebec have not had the same opportunities as other first nations have had in Canada. Other first nations have essentially been able to move out from under the Indian Act in cases where they are ready, willing, and able, and that hasn't been possible in the same way in Quebec because of the absence of legislation. So Bill S-6 remedies that, and it's one of the reasons I'd like to see that bill through the House, from the Senate into the House, approved immediately, because there are first nations in Quebec that wish to move forward on private housing.

The other thing I would emphasize, because there has been some scare-mongering on this, is that the concept of private on-reserve housing does not equate to a breaking up of Indian reserves and disposition of land. The way in which this has been structured, it allows first nation communities to continue to hold their land base collectively, but through things such as certificates of possession or essentially the equivalent of a long-term lease, it allows individual citizens to own their own property. There is no risk that it will lead to a balkanization, a dismemberment of reserves. That's not the point.

• (1235)

[Translation]

Mr. Steven Blaney: Thank you, Minister.

The discussion primarily centred on housing in the communities.

[English]

The Chair: You have half a minute.

[Translation]

Mr. Steven Blaney: I would have liked to have touched upon the urban aboriginal strategy, but given the little time available, you would be hard-pushed to give us a detailed explanation of it. Nonetheless, I believe that it is a laudable initiative in light of the number of aboriginal people expected to move to urban areas.

I will come back to it if I get another opportunity to ask questions. Thank you.

[English]

Hon. Jim Prentice: The urban aboriginal strategy was announced, Mr. Chairman, in Edmonton about three weeks ago. It's been a very successful approach. It was originally developed as a concept many years ago. It was not actually funded, as I recall, until 2003. This government has moved forward. We've refocused it, re-targeted the expenditure of funds, and have extended the application from, as I recall, eight major urban cities to twelve. I think it's a good program; I think it's yielding exceptional results. It achieves a high amount of leverage, because in individual cities, people take the funds that are received and they approach private sources, first nation sources, municipal sources, provincial sources, and they achieve a leverage, as I recall, in Calgary and Edmonton, in particular, of 2:1 or 4:1. So it's yielding specific results, especially for first nation women and children who have left reserves and who are moving to the cities.

The Chair: Thank you, Mr. Minister.

Committee members, we have finished two rounds. I'm going to continue on the third round, a five-minute round, until ten minutes to the hour, and then I'll be calling for the question on the votes.

Mr. Russell.

Mr. Todd Russell (Labrador, Lib.): Thank you, Mr. Chair.

Good morning, Minister, and to all of those gathered here this morning.

I would just say, by way of observation, that much of the success is going to depend on relationships and how those relationships are fostered. It's going to depend on effective consultation and dealing in a respectful and honourable way with first nations, Inuit, and Métis people across Canada. I would only observe that from a high, in terms of the relationship between government and aboriginal peoples across Canada, in November 2005 with the Kelowna accord, I can't remember—I was involved for about 13 years—a lower time or a more tense time in terms of the relationship with the federal government and aboriginal peoples since Oka, about 15 years ago.

When it comes to relationships, let's go directly to claims, which are one of those basic building blocks and are supposed to, I guess, solidify aboriginal peoples' relationships with the Crown for some time to come. Why does the priorities and planning document indicate that when it comes to claims settlement, we're going to go from \$523 million in 2007-08 to \$152 million in 2008-09, and then \$143 million in 2009-10? If we're talking about settling land claims and moving on with them in an aggressive way, and hopefully in a respectful way, why decline the expenditures under that line item?

• (1240)

Hon. Jim Prentice: I'm pleased to answer that, but let me first respond to your initial assertion. You and I have known each other for many years in a respectful way. I don't agree with your assessment, and I think if you talked to the leadership of the Federation of Saskatchewan Indian Nations; the Union of Ontario Indians; the Treaty 6, Treaty 7, and Treaty 8 councils in Alberta; the Union of British Columbia Indian Chiefs; and the B.C. First Nations Leadership Council, all of these organizations will tell you that in their view this is one of the best governments they have ever worked with on the ground, getting things done.

As I say, you and I have known each other, and if you have different information, please feel free to pass it on. We'll be discussing it in a respectful way, but I can tell you, because I've met with all of these organizations in the last two weeks, that's precisely what they're saying.

Let me come to land claims, which was your question. There is no intent to reduce the importance of land claims. What you've seized upon is reflection in the budget documents that show the number of claims that are in the system. The reduction from \$523 million this year to \$152 million next year to \$143 million the year after simply reflects specific claims that have been settled, but the communities haven't yet ratified the settlement, so the dollars in a sense are held in suspense until such time as there is ratification of the agreement. The \$523 million simply represents a balloon amount that relates to, as I recall, about 25 settlements that we've negotiated and that cannot yet be paid out because there hasn't been a community ratification or a final settlement. Frankly, if those settlements aren't ratified this year, those dollars will then carry forward and they will add to the \$152 million next year. So in a sense, it's a running total of where we are on specific claims settlements.

The other part of it is that those numbers reflect multi-year settlement payments. For example, regarding a claim you're well aware of, the Labrador Inuit land claim, it was resolved three years ago and there were budgeted payments over three years. Those payments begin to subside after this year, so the dollars obviously reduce, and there are other comprehensive claims like that.

Mr. Todd Russell: On the \$152 million in 2008-09, what does that figure reflect? Is there any anticipation of further settlements of specific or comprehensive claims that would adjust that figure, and would that be the same for 2009-10?

Hon. Jim Prentice: It would reflect essentially a base amount that projects the number of claims that will come to fruition in that year. As you know, it's taken a long time, sometimes too long, to negotiate specific claims. The \$152 million reflects where we think we will be two years out in terms of the number of claims that will end, but it does not restrict the department in its ability to settle specific claims. The number is simply a projection going forward, based on what we know today.

The Chair: Thank you, Mr. Minister.

Mr. Bruinooge, please.

We're out of time.

Mr. Rod Bruinooge: Unfortunately, Mr. Russell, five minutes does go rather fast. I'd make a comment on Newfoundland time, but I won't.

Minister, we have maintained a civil tone today, so I'm not going to stray away from that. I would like to point out that Mr. Russell did make a comment about the early 1990s yet again today, but forgetting conveniently a period of time when his party was in government and could have reformed some of the systems that bring land claims to a settlement. We did see a massive growth in the land claims that were put before the Government of Canada over that period of time, and I know this is something that's very important to you. But I didn't want to talk about that. I just had to make reference to it in light of the comments I heard.

•(1245)

Mr. Todd Russell: Later.

Mr. Rod Bruinooge: Mr. Minister, something that I find very interesting, and I know you do as well, is the area of the demographics that face Canada. We see the reality of mainstream

society not continuing to grow the Canadian population at large, with birth rates very low, comparable to the European crisis. We've heard statistics from our government recently indicating that by the year 2020, nearly all our population growth is going to come from immigration.

In light of our demographic issues and, of course, our quickly growing economy—some could argue that it's one of the best in the world, it's definitely tops in the G8—we have a large need for employable individuals. I guess my line of questioning would be more about the area of aboriginal population growth, which is actually going against the trend and is doing very well.

You've taken an interest in bringing economic opportunity to first nations people. I had the opportunity to be involved with the signing of an agreement with Siemens Canada to begin developing human resource models for first nations people.

How do you see our government being able to further grow in this area, as it is such an important issue facing our country in the next few years?

Hon. Jim Prentice: Well, I think it's an extraordinary opportunity we face as a country, because the world demands and is prepared to acquire Canadian products. And Canadian resource products in particular are in hot demand. Many of the projects we're talking about, which are principal economic drivers in Canada, are located in situations where first nations communities are proximate to those developments. In some cases they are actually resource owners. So I think the future is very bright indeed, if we focus on that opportunity and direct our efforts.

If you look at the projections for employment requirements in northern Alberta, up the Mackenzie Valley, in the Northwest Territories, in Nunavut, in northern Saskatchewan, and in other places, and look at some of the hydro projects in Quebec and Labrador—the potential of all these things—there are extraordinary employment opportunities for first nations kids, for young people. Our challenge is to get those young people through high school, first and foremost, so they're in a position to make a choice to go on to university or post-secondary or to be in the job market.

I think we all know that if one doesn't finish high school in today's day and age, it's very difficult to have meaningful participation in the workforce.

We're working together closely with industry. There are some very willing partners, such as the Government of British Columbia, the Government of Alberta, and industry leaders, who want to sit down to talk about employment opportunities and how we structure government programming to ensure that young first nations citizens are recruited and take part in the workforce.

I'd be remiss if I didn't point out that we're making real progress in this country. I think one of the members might have mentioned that in the diamond mines, 30% of the workers are first nations citizens. At Voisey's Bay, between 40% and 50% of citizens are aboriginal people. Near the Fort McKay First Nation there is a major development of an oil sands project. So these things are starting to happen in a very positive way, and it spells much for the future of the country.

The Chair: Thank you.

Mr. Lemay, you can ask just a concise question. We're just about out of time.

[*Translation*]

Mr. Marc Lemay: Thank you.

Minister, I will respond to what your parliamentary secretary said in a few moments. Firstly, however, allow me to say that you will soon be receiving an invitation to attend the official ground-breaking ceremony for the Pavillon des Premières Nations in Val-d'Or. I hope that you will do us the honour of attending. Furthermore, the Pikogan reserve, near Amos, will very soon—over the course of the new few days or weeks, I hope—be extended under Treaty 9. I hope that you will also do us the honour of attending this event. You will be receiving an invite.

Even although all of this is very important, I would now like to get down to the nitty-gritty. I have a question for you on an issue that has not yet been raised. I imagine that this will be the last question of the day.

What is happening with the United Nations Declaration on the Rights of Indigenous Peoples? What is Canada's position? Is it likely to change? Has funding been earmarked for implementing the declaration?

• (1250)

[*English*]

The Chair: Mr. Lemay, that's not really relevant to the estimates that we're studying. If you wish to speak to the minister privately on that question, you can do so.

[*Translation*]

Mr. Marc Lemay: Oh! Yes.

[*English*]

The Chair: We're at the point now where we need to deal with the votes here.

I want to thank the witnesses and the minister for being with us today. We do appreciate your taking the time, Mr. Minister, for the answers to the questions. Obviously your department is working hard to resolve some of the issues facing our first nations communities.

Hon. Jim Prentice: Thank you, Mr. Chairman.

Perhaps I might, in closing, acknowledge the fine work of our deputy minister, Mr. Mike Wernick, who has a challenging job and serves the people of Canada and first nation citizens with real distinction.

The Chair: Thank you.

Committee, I have called the vote.

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Department

Vote 1—Operating expenditures.....\$647,484,000

(Vote 1 agreed to)

The Chair: Now the chair asks the committee for unanimous consent to call votes 5, 10, 15, 20, 25, L-30, L-35, 40, 45, 50, 55, and 60 on one question.

Some hon. members: Agreed.

The Chair: We now continue with the votes. INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Department

Vote 5—Capital expenditures.....\$22,135,000

Vote 10—Grants and contributions.....\$5,308,773,000

Vote 15—Payments to Canada Post Corporation.....\$27,600,000

Vote 20—Office of the Federal Interlocutor for Métis and non-Status Indians – Operating expenditures.....\$9,336,000

Vote 25—Office of the Federal Interlocutor for Métis and non-Status Indians – Contributions.....\$23,599,000

Vote L-30—Loans to native claimants.....\$39,103,000

Vote L-35—Loans to First Nations in British Columbia for the purpose of supporting their participation in the British Columbia Treaty Commission Process.....\$35,400,000

Canadian Polar Commission

Vote 40—Program expenditures.....\$913,000

First Nations Statistical Institute

Vote 45—Payments to the First Nations Statistical Institute for operating expenditures.....\$4,888,000

Indian Specific Claims Commission

Vote 50—Program expenditures.....\$6,136,000

Office of Indian Residential Schools Resolution of Canada

Vote 55—Operating expenditures.....\$452,923,000

Vote 60—Grants and contributions.....\$134,000,000

(Votes 5 to 60 inclusive agreed to on division)

The Chair: Shall the chair report the votes to the House?

Some hon. members: Agreed.

The Chair: Thank you very much.

The meeting is adjourned.

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