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Standing Committee on Aboriginal Affairs and Northern Development

Monday, May 29, 2006

• (1530)

[English]

The Chair (Mr. Colin Mayes (Okanagan—Shuswap, CPC)): I open this meeting of the Standing Committee on Aboriginal Affairs and Northern Development on Monday, May 29, 2006.

Committee members, you do have your orders of the day before you. The main purpose of this meeting is to hear from witnesses. From the Office of the Auditor General, we have with us Sheila Fraser, Auditor General; Ronnie Campbell, Assistant Auditor General; and Glenn Wheeler, Principal.

From the Department of Indian Affairs and Northern Development, we have Paul LeBlanc, Senior Assistant Deputy Minister of Social and Economic Policy and Regional Operations Sector; Caroline Davis, Assistant Deputy Minister, Corporate Services; Mary Quinn, Director General, Strategic Policy, Devolution Branch, Northern Affairs.

We also have with us, from the Department of Health, Ian Potter, Assistant Deputy Minister, First Nations and Inuit Health Branch.

Welcome to all, and thank you very much for appearing before this committee.

We'll begin with a statement from the Auditor General, Sheila Fraser. Welcome.

Ms. Sheila Fraser (Auditor General, Office of the Auditor General of Canada): Thank you, Mr. Chair.

We thank you for this opportunity to present the results of our audit on the management of programs for first nations included in our status report. As you mentioned, I'm accompanied by Ronnie Campbell, Assistant Auditor General, and Glenn Wheeler, Principal, who are responsible for this work.

[Translation]

Once a year, I prepare a report for Parliament called the Status Report. This report focuses on what the government has done to address recommendations made in a selection of previous performance audits, and assists parliamentarians to hold the government accountable for its stewardship of public funds.

[English]

Since 2000, I have issued several chapters on programs and services for first nations. We conducted this follow-up audit to provide a comprehensive assessment of the government's overall progress in responding to our previous audits, but also to identify

reasons for progress on some recommendations and a lack of progress on others.

We followed up on seven audits completed between 2000 and 2003—audits that examined housing on reserves, health care, comprehensive land claims, economic development, third-party intervention, the food mail program, and reporting requirements for first nations. Federal organizations agreed with most of our recommendations and had committed to taking action. Overall we found that the federal government's progress has been unsatisfactory.

[Translation]

Today, I would like to focus on three issues that are important to the health and well-being of First Nations people, and that require particular attention. They are: mould contamination in houses on reserves; monitoring of prescription drug use; and the review of major entry points for the food mail program.

Problems with mould exist in many on-reserve houses, and mould contamination has been identified as a serious and growing health and safety problem. In our initial 2003 audit we noted that the three responsible organizations — Indian and Northern Affairs Canada, Canada Mortgage and Housing Corporation, and Health Canada — established a committee to address the problem.

In this audit, we found that despite the activities of the committee, no federal organization has taken responsibility for assessing the full extent of mould contamination and developing a strategy or action plan for addressing the problem.

Mr. Chairman, you may wish to ask the government to identify a lead organization to take responsibility for addressing the problem of mould in on-reserve houses, and to provide your committee with an action plan and timetable, and then regular progress reports.

[English]

The second issue is prescription drugs. Through its non-insured health benefits program, Health Canada funds prescription drugs for first nations people and for Inuit. First nations are concerned about the misuse of prescription drugs, and the problem is magnified by significant differences in health standards between first nations people and the rest of Canadians.

In audits as far back as 1997 we reported that the department was slow to intervene when potentially inappropriate use of prescription drugs was observed.

In our 2000 audit, we found that Health Canada had updated its review protocol for drug use to better identify and follow up on cases that suggested misuse of prescription drugs. This protocol involved following up with clients, physicians, pharmacists, and professional bodies and had some positive impact.

But the department stopped this protocol, because management was unsure of the appropriateness of gathering this information without either a legislative mandate that would explicitly allow for this type of analysis or client consent, which would grant permission to the department to analyze private health information. In 2001, departmental officials informed the public accounts committee that within the year they expected to resume this analysis for 70% of clients after it had received their consent.

The department was able to obtain consent for only 25% of clients before stopping this effort in 2004. That same year, we reported that the number of clients obtaining more than 50 prescriptions over a three-month period had almost tripled compared with what we found in our 2000 audit.

In this audit we found that after five and a half years Health Canada finally resumed its detailed analysis of prescription drug use, but it is unable to identify reductions in inappropriate use that are the result of its intervention. The audit also found that the department still has not sought legislation for its non-insured health benefits program. If consent has not already been obtained, the department's approach is to seek consent case by case before informing health providers or pharmacists of concerns about possible misuse of prescription drugs.

Mr. Chair, you may wish to ask the department to provide your committee with a detailed report setting out its current approach to addressing this serious issue and progress reports identifying reductions in inappropriate use that are the result of the department's intervention.

•(1535)

[Translation]

Finally, the federal government's food mail program subsidizes the costs of sending nutritious perishable food by air to Canada's North in an effort to increase the level of nutrition in the diets of northerners.

In 2002 we reported that 140 communities were eligible for this program in the three territories and in parts of northern Labrador, Quebec, Ontario, Manitoba, Saskatchewan and Alberta. Program users in these communities must arrange with wholesalers to send eligible food to Canada Post facilities at one of the 20 designated entry points. Canada Post then assumes responsibility for flying the perishable food to the community within 48 hours.

In our 2002 audit we found that departmental officials, northern merchants, and consumers have suggested that access to more southerly entry points would have a positive impact on both the quality and choice of food and on the time it takes to transport it. However, at that time, no systematic review had ever been done by Indian and Northern Affairs Canada to assess the locations of entry points. We recommended that the department undertake such a review to determine whether changing entry points would make the program more effective.

In this audit, we report that still no comprehensive review has been done. Instead, the department reviewed only one of the program's entry points and it has no immediate plans to review any others. Mr. Chairman, you may wish to ask the department what actions it has planned.

[English]

Mr. Chair, I would now like to turn your attention to the work that we did to understand why some recommendations were implemented and others were not. We identified seven factors that appear to have favoured the implementation of recommendations. Absence of these factors seems to have hindered their implementation and impeded significant change in the lives of first nations people.

We found that federal organizations were more likely to have made satisfactory progress if programs and initiatives were well coordinated, received the sustained attention of management, involved meaningful consultation with first nations, considered the capacity of first nations to carry out programs in their own communities and worked to increase this capacity, and established and involved first nations institutions to carry out program goals.

Further, ensuring that programs and initiatives are based on appropriate legislation helps to clarify roles and responsibilities, eligibility issues, and other program elements.

Finally, we found that the different roles of Indian and Northern Affairs Canada are a critical factor that may have caused an erosion of trust between the department and first nations over time. The department's different roles create at least the appearance of a conflict between its fiduciary responsibilities for first nations and its obligations to act on behalf of the crown.

•(1540)

[Translation]

In my view, ensuring that these factors are fully considered when adjusting existing programs and implementing new ones will make a significant difference in the life of First Nations people.

Mr. Chairman, you may wish to ask the government how it intends to ensure that these critical factors are considered as it moves forward in delivering programs and services to First Nations people.

[English]

Mr. Chair, that concludes our opening statement. We would be pleased to answer any questions committee members might have.

Thank you.

The Chair: Thank you, Madam Fraser.

The opening questions will be from the Liberals. Ms. Neville, please

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

Thank you very much for being here today. I have many questions, and I'm trying to prioritize them in my own mind.

How much time do I have, Mr. Chair?

The Chair: Seven minutes.

Hon. Anita Neville: I'm going to ask you a few questions, and we'll see how the time allotment is.

In its response to your report—I noted this in the House today—the government cited the Kelowna accord as proof of progress that the federal government and the provinces are making gains on aboriginal issues. When you read this response, do you accept that the Kelowna accord was indeed a type of broad, long-term plan, which your report believes is a necessary and integrated approach to solving the issues? How many of the seven critical factors that you identified were identified in Kelowna as important in implementing your recommendations?

Those are my first questions.

My next question relates to the proposed Accountability Act. I know that you appeared before the committee there. We're all aware that you have been working with the grand chief to establish an independent auditor general for aboriginal peoples. I wonder if you could tell the committee here what progress you are making with the first nations on the aboriginal auditor general and how we can move forward with this expeditiously.

My next question—and I will stop there—is something you identified in your report.

The seventh issue that you talked about was the conflicting roles of the Department of Indian and Northern Affairs. I'm really interested in hearing you expand on that, because that is of utmost importance to many.

Ms. Sheila Fraser: Thank you.

On the first question, concerning the government's response, this is the response that was confirmed at the time when we went to print, from the deputy minister, which we presume reflects the current government's response to this. We have done no work vis-à-vis the Kelowna accord. We would only look at implementation of things like that, or effects after the fact. So I'm really unable to answer if any of the factors that we note in the report as contributing to success are present there or not, because we haven't done any work on it.

On the proposed legislation, on Bill C-2, you are correct. We appeared, we made some comments about overall how some of the provisions in that proposed legislation would apply to us as an office. One of the provisions would give us the mandate to be able to audit recipients of grants and contributions who had received over one million dollars, and that would, of course, include first nations. There's a specific exclusion for self-governed... There's a very limited number who would be excluded under that. We tried to explain to the committee studying it how we would implement that provision if it were to become law, that we believe it is the

responsibility of the government and the government departments and program managers to ensure that the funds transferred as grants and contributions go to the purposes for which they were intended, and that is not ultimately a responsibility of the external auditor of the federal government.

We also mentioned—you are correct as regards first nations—that we have had discussions with the Assembly of First Nations and others, and there was a meeting with government officials to discuss the possibility of the creation of an auditor general for first nations. It is at the very early stages, still at the point of discussion, though there has been an agreement to try to work more substantively on it. There are, of course, major issues around the mandate. If such an office were created, what sort of mandate would they have? How would that office deal with the 630-some first nations? That's one of the major issues that has to be researched, in addition to a number of others. So it's still at very early stages.

And on the last issue, there are two areas where we are very reluctant to give comment: one is on policy, of course, and the other is what we call machinery of government. So government can organize itself as it wishes, and the Auditor General is very reluctant to talk about that. But when we see a case like this, where there are conflicting roles, where the department is on the one hand providing services, is the object of lawsuits, is negotiating treaty claims, it can create, as we've mentioned, at least the appearance of a conflict. The relationship between government and first nations absolutely has to be built on trust, and some of these conflicting roles, we believe, can damage that relationship. So we were trying to make the point that government, in either renewing its programs or bringing in new programs, certainly needs to consider this and whether there are better ways of doing things to try to avoid that appearance of conflict.

• (1545)

The Chair: Thank you.

Hon. Anita Neville: My time is up?

The Chair: Yes, it is.

We'll move on to the Bloc, please. Mr. Lemay.

[*Translation*]

Mr. Marc Lemay (Abitibi—Témiscamingue, BQ): Ms. Fraser, gentlemen, thank you for being with us.

We have here today representatives from the Kitcisakik aboriginal community who have neither water nor electricity, and who must still go and draw their water from the river. This community does not exist for the department. It only has a band number. It's all very complicated. Does the Auditor General report on particular Indian and Northern Affairs Canada files, or does she only investigate when matters are brought to her attention?

Ms. Sheila Fraser: Mr. Chairman, our mandate consists in auditing the programs and activities of the federal government. At this time, we have no mandate with regard to the first nations.

However, in all of the audits we carry out, we request the cooperation of the first nations, and I must say that we have received from them exceptional cooperation. We feel that it is important to demonstrate the impact of the programs and concerns they may have when we do our work. We cannot audit the books of a first nation or aboriginal community, because this is not at all a part of our mandate.

• (1550)

Mr. Marc Lemay: I read your report very carefully and made copious notes. What can we do to ensure that your recommendations will not fall on deaf years?

I have my friends to the right and friends across the way, who are in government. In point 5.37 of your report, you say:

We estimated that four federal organizations required at least 168 reports annually from First Nations communities — many with fewer than 500 residents.

As politicians and members of this committee, how do we let Indian and Northern Affairs Canada, or anyone else, know that enough is enough? Someone somewhere is at fault. What power do we have? Must we be content with asking questions, as you do in your report, or can we say this afternoon that enough is enough?

Ms. Sheila Fraser: The work of parliamentary committees is certainly essential if there is to be a follow-up to our reports. We have in fact prepared a distinct report, the Status Report, which focuses on what the government has done to address our recommendations. Increasingly, departments are preparing specific action plans which include timetables and the names of the persons responsible, and we ask committees to help us to do this follow-up work. Committees may regularly ask for follow-up reports.

I know that a certain amount of work was done. The representatives of the government may want to provide further explanations. The Treasury Board Secretariat did its own study on this matter and established that the government received 60 000 reports per year from first nations. Everyone agrees that there are too many reports and that the system has to be simplified, but who will take the lead and act?

Mr. Marc Lemay: You talk about mould in your report. I can give you examples, because in my riding of Abitibi-Témiscamingue, there are five Algonquian communities. One of the most pressing problems they have is that all of their houses are mouldy.

In your remarks you suggested to the chairman that he may wish to ask the government to identify a lead organization. What is the lead organization? Is it the Department of Health or Indian and Northern Affairs Canada? I can't tell from reading your report, I can't tell from reading the documents from Indian and Northern Affairs, and I still can't tell when I look at the documents from Health Canada. Who is responsible? Who do I need to talk to tomorrow morning?

Ms. Sheila Fraser: That is an excellent question, and we don't know either. In our view, a department or agency must be responsible for identifying the problem and preparing an action plan to correct it. You might want to ask the government representatives if they know who is responsible.

Mr. Marc Lemay: Is there someone from the government who can tell me? Can the departmental representatives answer me? Is the

CMHC, or Public Work and Government Services Canada, responsible? Who is it?

Mr. Paul LeBlanc (Senior Assistant Deputy Minister, Socio-economic Policy and Regional Operations Sector, Department of Indian Affairs and Northern Development): Mr. Chairman, may I answer?

[English]

The Chair: We have another minute and a half. If you could answer that difficult question in that time, it would be great.

[Translation]

Mr. Paul LeBlanc: I will give you a partial response on behalf of our department. As the Auditor General noted, it is obvious that the respective mandates of at least three departments are relevant to this issue.

At Indian and Northern Affairs Canada, we have programs that allow housing to be built or renovated. The mould problem falls within the parameters of those programs.

The Canada Mortgage and Housing Corporation also has programs to renovate and build housing which could be tapped into to help solve this problem. The corporation has, in addition, a training program to help residents who live in this housing and in these communities to better control this situation and play an active role.

Health Canada, through its inspections, can help the communities and evaluate situations which may threaten the well-being and health of residents, and offer advice to those who live in this housing and to community leaders to help them find a collective solution to the mould problem.

So, at least three departments have relevant programs. It is very important that the departments work together and coordinate their efforts, which they have been now doing for a few years. We accept the Auditor General's recommendation to improve strategic planning and coordination among these departments and programs, Mr. Chairman.

• (1555)

[English]

The Chair: Thank you.

We will move on now to Madam Crowder.

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

Thank you, Ms. Fraser, for coming before the committee today.

I must admit it was with some dismay that I looked at the results over a number of years with really not the kind of action in significant areas that will fundamentally impact on first nations, Inuit, and Métis. Before I go into my other question, I simply want to clarify that the response from the government in this report is the response from the current government, not from the previous Liberal government.

Ms. Sheila Fraser: The response was received after the election. It was from the deputy minister. We have to assume that it represents the views of the current government.

Ms. Jean Crowder: So the words that were written around the consensus-based decision-making displayed at the Kelowna first ministers meeting has been written by the current government then.

Ms. Sheila Fraser: It was written by the deputy minister, which would—that's right—reflect the views of the current government.

Ms. Jean Crowder: It's a good piece of information for me to have.

I'll ask two questions and then I'll get out of the way and let you respond. In your report, you indicated the funding gap: that population growth was approximately 11.2% and I believe the funding has only increased by 1.6%. In a press release from the Assembly of First Nations, they indicated that since 1996 there has actually been a 2% cap on funding increases for Department of Indian Affairs core programs.

A week and a half ago we had a presentation from the department that talked about the significant demographic growth. These were the department's own statistics, and it was for a variety of reasons. So when you addressed that gap, I wonder if there were concrete recommendations aside from only increasing the funding that could be made to the department. That may be policy, so it may be outside of what you could do.

The second thing I wanted to ask you about was around consultation. Out of the seven factors identified, you talked about meaningful consultation. I know that's been the subject of a number of court cases. In your view, are there elements of meaningful consultation that need to be considered, and was that reflected in this report in terms of consultation from first nations, Inuit, and Métis communities?

Thirdly, do you look at timeliness in terms of government response? In previous reports you talked about comprehensive land claims taking 29 years to settle. I don't think we've seen significant reductions in the speed of response from the department and from the government in terms of addressing some of these critical issues.

I wonder if you could address those three things.

Ms. Sheila Fraser: Thank you.

On the funding, we're presenting this as a statement of fact. We will not make comments on funding or on what the levels of funding should be. We might make a comment if there is a difference between the expectation and the funding that goes with it.

As to concrete recommendations, if we could reduce the number of reports people have to prepare, funds might be available for front-line services. So hopefully our recommendations are trying to indicate ways of performing better and providing better services.

On the consultation, it is reflected in the report to the extent that we do a lot of consultation when we conduct our audits, as you will see if you go back to the original audits. We often give the views of first nations communities vis-à-vis certain programs or areas about which they felt that they had, or perhaps hadn't, been consulted well. We haven't done an audit per se on consultation, but we've tried to include it in our audit work.

• (1600)

Ms. Jean Crowder: Do you have some specific recommendations concerning what meaningful, effective consultation would look like?

Ms. Sheila Fraser: Ronnie, do you have any examples? Perhaps we could ask Mr. Campbell.

Mr. Ronnie Campbell (Assistant Auditor General, Office of the Auditor General of Canada): Mr. Chairman, we don't have any specific recommendations in that regard.

One example given to us was in the case where legislation needed to go before the House in relation to land claims. Obviously by the time it got there, there was significant and meaningful consultation as those land claims were negotiated, which is different from other situations we described. That was the most substantive example in which first nations were involved in the consultation in a meaningful way for some period of time.

Ms. Sheila Fraser: Finally, on the question of timeliness, when we make our assessment as to whether progress has been satisfactory or not, we consider what government has done and take into account the complexity of the issue and the amount of time that has passed. So we do include timeliness as a factor in making our assessment about whether progress is satisfactory or not.

Ms. Jean Crowder: Do I have time left?

The Chair: You have a little over a minute and a half.

Ms. Jean Crowder: A recent article in *Cultural Survival Quarterly*, dated March 27, 2006, deals specifically with a land claims issue, regarding the Hul'qumi'num treaty group, in my riding of Nanaimo—Cowichan. I didn't see it, but in your assessment, did you look at the debt load that's being incurred by first nations communities in negotiating land claims? The reason I ask is because first nations communities are caught in a bit of a bind. As I understand it, if they withdraw from the negotiation process, they have to start repaying the debt. For example, if they got involved in the litigation of a treaty-related issue, it could result in its termination or suspension. So you've got this situation where first nations communities are being forced into increasing debt loads just to stay at the table.

I didn't see it, so I wondered if you considered that.

Ms. Sheila Fraser: It's not specifically in this follow-up report, but I know in our 2001 audit we mentioned that in certain settlements the costs the first nations had incurred were so extensive, because of the time period, that very little money actually went to them.

We have an upcoming audit in November on the B.C. treaty process. There are some issues around the length of time and costs, and when these amounts become payable.

Ms. Jean Crowder: There's a saying in British Columbia that it's cheaper to negotiate than settle.

The Chair: I'm going to have to cut you off.

Does the government have any questions for the Auditor General?

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

I would like to thank Ms. Fraser for appearing before the committee today. I would be remiss if I didn't thank her for all the great work she's done over the last few years. As a member of a government now, I hope I continue to look forward to your reports.

You've identified seven factors critical to the successful implementation of your recommendations. Of course, an increase in funding is seen as one of the key factors. You also reference structural change, capacity building, and better communication and coordination with aboriginal leaders.

Perhaps you might recommend or state that before increasing funding, other areas, such as structural change and capacity building, might be required. How would you prioritize these seven points?

• (1605)

Ms. Sheila Fraser: Thank you.

You will note that funding is actually not one of the seven points we noted.

I don't think we put them in any particular order, but we certainly feel quite strongly that sustained management attention is critical to the success of programs. As well, there is the issue of meaningful consultation with first nations and the whole issue of capacity and institutions.

I think we see in many of the audits we do that the capacity or structures aren't there to be able to support the programs. For example, in the area of education there are no school boards. And in the water audit—which isn't part of this but was done by the Commissioner of the Environment and Sustainable Development this past fall—there are no water standards. So there's base work that has to be done to help increase the capacity, and part of that is building those institutions within first nations.

I guess that might be a gratuitous comment, but I would think that some of this is going to require funding to be able to do it, as it's not going to be done for nothing. So it will require funds and effort to get these things in place.

Mr. Rod Bruinooge: On that matter, you've mentioned that there have been attempts in some areas such as water. However, we've seen success in some areas the department has worked on. Are there any particular reasons that you can attribute to those successes that have come about based on your previous recommendations?

Ms. Sheila Fraser: On many of the recommendations that we made, there was successful resolution, and you'll see that we have given a satisfactory rating. We gave an overall rating of unsatisfactory because most of the recommendations on which there was satisfactory progress were ones that tended to deal with administrative issues within government, and didn't actually deal with the more serious health issues and the issues that really affected first nations communities. So it would appear to be much easier to resolve things on the administrative side, rather than some of these other questions.

Mr. Rod Bruinooge: I just have one more quick question, in relation to prescription drugs. You had some thoughts as to how it

was, unfortunately, not working. Is there any particular system that you see as being the focal point of why this system is not working?

Ms. Sheila Fraser: I'll pass that to Mr. Campbell.

Mr. Ronnie Campbell: Thank you.

This is an issue that has shown up in our audit reports for some time, so when you talk about time-sensitive issues, this goes back to several audit reports over several years. Some of the systems are now in place, such as the point-of-service system. What we're looking for is for the department just to focus on a couple of outstanding issues and to follow through. The Auditor General talked about sustained management attention, and part of that is in there. I think Health Canada just needs to focus. They stopped intervening in a certain way; they've reinstated that, but at the time I was doing the audit the results they could demonstrate from that weren't there. So we'd be hopeful that in the not-too-distant future those results would be evident.

Mr. Rod Bruinooge: Thank you.

The Chair: I would like to have about a minute on the government side, so I'd just like to ask a question.

I come from a local government background, and any time we had future or pending costs we always put away reserves to meet those pending costs. We know there are treaty settlements that have to be settled. Is there any way the federal government puts away reserves for pending costs of treaty settlements?

Ms. Sheila Fraser: There are provisions made in the public accounts of Canada for certain claims and certain lawsuits. But I think—and the department might want to confirm this—that when there are large treaty negotiations, those costs are actually booked when there is more certainty around them. Even if the negotiations are not all complete—which tend to take a little longer because the process is very long—there will be a provision made for an estimate of what it might take to settle suits, claims, treaty negotiations.

The Chair: Just to follow up on that, would you not think that it would be prudent for the Government of Canada to start a reserve and start putting moneys away, because this will likely be an expensive settlement in the future, and rather than going into debt to meet those challenges, we should have those funds put away now when the economy is doing well?

• (1610)

Ms. Sheila Fraser: We are already in debt by a lot—like \$500 billion.

The Chair: Correct.

Ms. Sheila Fraser: So if we put funds into a bank account, we'll have to borrow to do it. I think the idea has always been that we will use the cash when it actually is known and when the payments have to be made.

The Chair: Okay. Thank you.

Can we move on to Mr. Russell?

Mr. Todd Russell (Labrador, Lib.): Good afternoon. My name is Todd Russell. I'm a member of Parliament for Labrador.

It's quite a dynamic area. We have a large population of Métis, Inuit, and Innu in my riding, and of course we have first nations within that particular context, or reserve-based people. Then we have a whole list of other descriptors that aboriginal people sometimes get tagged with.

I'm not trying to take away from the importance of exactly what you're doing here, but there's a strong first nations focus—which there should be and is necessary—and the mandate of the Government of Canada is for aboriginal peoples beyond just first nations and the particular institutions that have formed around first nations. Did the audit look at the government's programs and responsibilities vis-à-vis Inuit and Métis?

Ms. Sheila Fraser: Our work to date has largely been on first nations and programming for on-reserve. We are planning to do some work for Inuit within the next two years, and we will be looking at issues that are more specific to them. The Métis, if we do some work, would be after that. So yes, this is largely focused on first nations on reserve.

Mr. Todd Russell: Just to follow up with that, the Auditor General's report is a good tool, of course, and it sometimes does drive improvements in the lives of aboriginal people. I know you have certain parameters you have to work within, but I think it's important that there's also a holistic view of what the department is responsible for and what the Government of Canada is responsible for.

You see where I'm coming from. If your recommendations strive.... And we will certainly do what we can to move some of your recommendations forward and hold the government to account, whether it's for mould in houses or the food mail program, but if you have to wait five years for another audit to come out on other aboriginal people.... This is only one tool, I realize that, but I would just like to stress that it is important in the lives of aboriginal people.

I have just two other questions. Have you done any assessment of the impact of litigation versus negotiation on the quality of life of aboriginal people? I was an aboriginal leader for ten years. I've often found that the Department of Indian Affairs can be very litigious. I understand fully your comment about the conflict that aboriginal people sometimes have; they say, "You're supposed to be helping me, but at the same time you're forcing me to go to court to defend my rights and interests".

Aboriginal organizations dole out tens of millions of dollars for litigation and lawyers, while we're not addressing what we should be addressing, which is housing, non-insured health benefits, and those types of things.

Maybe I can make a suggestion: that in the future, one area that could be looked at is how the process itself is really having an impact. I believe that this relationship issue is foundational and fundamental to how well we're going to do in the future with our aboriginal peoples in Canada. Has any assessment like that been done?

Ms. Sheila Fraser: We wouldn't do the kind of assessment work that Mr. Russell is proposing, because it would get into more of an evaluation kind of role, which we don't do. We would probably consider some of those elements, though, in work we will be doing on treaties.

I should perhaps just explain that for all of the work we do, we have advisory committees and panels that help us set strategic direction within the office. We have a panel for first nations, and we also now have a panel for Inuit issues. Certainly the first nations have brought forward the whole treaty issue—the negotiation, the respective treaties, the implementation of treaties—as being a major one. We will be doing more work in that area in the coming years so some of that may come into that work, but we wouldn't do an evaluation or an analysis per se. The department might do that kind of work.

●(1615)

Mr. Todd Russell: Okay.

The Chair: You have only 30 seconds left.

I know that Madam Karetak-Lindell had a question.

Ms. Nancy Karetak-Lindell (Nunavut, Lib.): No, I'll wait for the next round.

The Chair: Then we'll move on to the government, five minutes for questions.

The order is first the Liberals, the government for five minutes, and then the Bloc for five minutes. I have it right here.

Government, please.

Mr. Harold Albrecht (Kitchener—Conestoga, CPC): Mr. Chairman, thank you, and thanks to Ms. Fraser for being here.

I'm totally convinced that everybody who sits around this table has the best interests of our aboriginal peoples at heart, and that's why we've chosen to serve on this committee.

I certainly agree with Mr. Lemay that we don't want this report and its good recommendations to simply sit here gathering dust and come back to it five years from now to find that nothing has been done.

As I look through the number of issues you identified here, on 15 of which you felt there was unsatisfactory progress, there's obviously a failure to comply with some of the recommendations. My question would be, is it just a failure, is it a reluctance, or is it even possibly a resistance to comply on the part of management?

As I look at a number of the issues here in the appendix, chapter 5, item 15.71 referring to Health Canada, telling us that this measure in terms of assessing prescription drug misuse is not feasible and couldn't be implemented, I don't know all of the nuances behind that answer, but it strikes me as a strange comment in a recommendation that was made.

In addition, on page 4, item 12.121, it states that the small amount of additional information gained from changing its systems would not be worth the investment. And you could go on down that page; there are three others identified on that page.

You indicate that special attention by management is one of the key factors in addressing these issues. My question is, how can we as a committee ensure that management continues to give the kind of sustained attention to these issues? Secondly, if you have time to answer this question, you've identified 15 shortcomings—again, in terms of identifying and addressing all 15, we may get to those—but if we had to prioritize three of them, are there three that would rise to the top? You may not be prepared to answer that today, but it would be helpful for me if, in the future, we could have those prioritized.

Thank you.

Ms. Sheila Fraser: Thank you.

Obviously, the work of the committee really gives life to our work when committees prepare reports and table them in the House or when they ask government to respond, when they ask government for action plans and regular follow-up reports. Those are the kinds of things we're suggesting in our opening statement that you might want to consider. So if the committees help us as well to do the follow-up, I think it helps to focus attention.

On the three issues, we have identified three that we think are very important to the health and well-being of first nations people.

In terms of mould in housing, a lead department should be identified and be responsible for developing a strategy and an action plan. I could go so far as to say that it could be tabled with the committee.

On the second one, the prescription drug, perhaps Health Canada could provide you with an update of what they're doing and what sorts of actions they're taking and, again, have regular reporting.

On the food mail program, the government should actually indicate what their plans are for a program that is very important to providing fresh food, nutritious food, to people in the north, which otherwise would be exorbitantly expensive.

Those are the three that we thought were the most significant.

Mr. Harold Albrecht: Thank you.

The Chair: Is there anything else from the government?

Mr. Blaney.

[*Translation*]

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

It is with great pleasure that I address my comments this afternoon to Ms. Fraser, the Auditor General, as well as to the representatives of Indian and Northern Affairs Canada. I had the privilege of being a technical advisor with Indian and Northern Affairs Canada over the past few years, and I worked with Ms. Davis, particularly on the drinking water strategy. I also want to say hello to the people from Kitcisakik who are present with us here today.

I have a few questions to ask you concerning accountability. Ms. Fraser, reference was made earlier to the large number of reports provided by the communities. Do you feel that those reports allow you to ensure that taxpayers' money is well spent? On the one hand, we want to simplify administrative procedures, and on the other, we want to ensure that accountability is enhanced. What is your

perspective on this? Are the reports sufficient for accountability purposes? Are there too many? If so, can we simplify the process, while ensuring that there is good accountability on the part of the communities?

• (1620)

Ms. Sheila Fraser: Thank you, Mr. Chairman.

In 2002, we audited the number of reports which a typical first nations community had to produce in the course of one year. We noted that four departments required at least 168 reports annually, five of these being audited financial statements. The requirements appear reasonable when one looks at each program in particular, but when you add all of them up together, it no longer makes any sense.

We also examined the analysis departments did of these reports and we noted that they did not use all of the information. Often in our audits, we have criticized the government because it did not carry out adequate analysis.

We feel that the system should be simplified. There should be more coordination, and programs should be simplified. But there should at the very least be coordination. We are talking here about approximately 600 first nations. It should be relatively easy to coordinate information needs.

Moreover, you must understand that the penalties imposed on first nations who do not produce this information are very severe. If they do not produce financial statements, their funding is cut. So they produce the information. However, as most of these communities have few members, this is a heavy administrative burden.

It would be appropriate to simplify the system and see what information the government needs, but, first and foremost, what information the community needs. It could use the information for its management and this would also be useful to the government. Consequently, we think that there should be a way of simplifying the whole system.

Mr. Steven Blaney: Very well.

I have a question to ask you about mould.

[*English*]

The Chair: No, I'm sorry; you don't have time.

Mr. Steven Blaney: I'm sorry, Mr. Chairman.

The Chair: We have, from the Bloc, Mr. Lévesque.

[*Translation*]

Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ): Thank you, Mr. Chairman. Ms. Fraser, thank you for being here.

As you will have noted, there is a first nations group with us. For 25 years, these people have been trying to obtain decent services. Today, they are still grappling with unthinkable conditions.

Since I have very little time, I would like to put a certain number of questions to you consecutively about the departments involved in Indian affairs. You may answer me afterwards.

On page 178 of your report, you mention the existence of entry points for a nutritious food aid program. You indicate that “based on the results of pilot projects underway in three communities, it is exploring the merits of program amendments [...]”. However, the department only reviewed one of the program's entry points.

I arrived Friday evening from Nunavik, and I took a photograph while I was there of a turkey that weighed approximately 15 pounds. It wasn't my picture, it was a real turkey. Do you know that the price of that turkey was \$81? It's hard to believe! And still today, people are asking questions about food aid and the sending of nutritious perishable food by air. Think of rotting mushrooms or rotten head lettuce that sells for \$3.59. And that food isn't even edible.

Next, when I read your report, I believe I understood that you were attempting to convince the government to centralize services offered by the Canada Revenue Agency, Heritage Canada and Health Canada within a single department. In matters of revenue, we know that the Inuit are taxpayers. Each hunter is an entrepreneur who provides food to his fellow citizens. However, he cannot deduct his expenses, as opposed to ordinary entrepreneurs.

Ms. Fraser, have you noted a real will on the part of the government to broaden the Canada Post Food Mail Program, as well as the assistance to regular carriers, that is to say the boats that bring goods to the Inuit? There may be aid at the present time, but it is not sufficient. It might be good to recommend that we help them a bit more.

I'm anxious to hear your reply.

• (1625)

Ms. Sheila Fraser: Thank you, Mr. Chairman.

I'd like to clarify a point which Mr. Lévesque raised. He is under the impression that we are recommending that services be centralized; that is not the case. Each department has its mandate and its role to play. In several of our audits, we recommend better coordination. Sometimes, the programs of various departments can be better coordinated.

Ms. Sheila Fraser: About the food mail program, it is true that it is very expensive. In fact, Mr. Campbell is a former employee of the Hudson's Bay Company. He worked in the far north and he phoned one of his former colleagues to mention that transportation costs exceeded \$5 per pound of merchandise. For a 10-pound bag of potatoes, that's quite expensive. That is why this program is very important.

We simply examined the effectiveness of the program and where the entry points were. I'll give you an example. Food is purchased in Montreal and sent to Val-d'Or by truck. A plane leaves Ottawa and stops in Val-d'Or to pick up the merchandise and bring it up north. We have to wonder whether this is the most economical way of doing things, and if the food stays fresh when it is transported by truck on the first leg of its journey.

We recommended that the department review the program and the entry points. You may wish to ask the representatives of the department what their intentions are and what action plan will be proposed, because we do not have that information.

[English]

The Chair: Can we move on to the next question, or would you like to ask the department that question?

[Translation]

Mr. Yvon Lévesque: Very well.

[English]

The Chair: Madam Quinn.

Ms. Mary Quinn (Director General, Strategic Policy and Devolution Branch, Northern Affairs, Department of Indian Affairs and Northern Development): Thank you for the question.

In terms of what the department is doing on the food mail program, as the Auditor General indicated, her office first recommended in 2002 that we review the entry points, and at this point the report is indicating that we've so far reviewed only one entry point.

In 2002 we indicated we would review entry points on a case-by-case basis.—that's where we saw evidence of situations that concerned us about the quality of the food, or in which the ability to reduce prices because of the program was perhaps not being passed on. We indicated we would review entry points on a case-by-case basis, but we also indicated that our priority really was around the base budget for the program.

The funding of the program hasn't changed since 2002 and 2003, but the costs of the program go up because it's being used and because of such things as fuel. As the AG's office said, look at those costs and look at the entry points as one area to see what can be done about the costs.

What we've concentrated on is the pilot projects that were mentioned. The reason we're working primarily on the pilot projects at this point is to get more evidence to allow for evidence-based decision-making on the base budget of the program. Our sense is that once we have an idea of how the program can be more sustainable in terms of funding, then we can look at other issues, such as entry points, nutrition education, and retail promotion, because you could get the food up there, but if there aren't related programs or initiatives around it showing people about the food—what to do with it, and how it's displayed on shelves—it's.... There are a couple of things to be looked at in the program.

What we're doing, in a nutshell, is to take the results of these three pilot projects and take the results of a review of the entry point at Churchill, and we are developing a package of options for it. This will advise the minister on how he wishes to move forward on the program.

• (1630)

The Chair: We move to the government side.

Mr. Blaney.

[Translation]

Mr. Steven Blaney: Thank you, Mr. Chairman.

My question is very simple. Concerning mould, you suggest that the committee follow up on the work it has undertaken. Do you think it would be useful to identify a lead organization among the three departments, so that progress can be made? If yes, which department should take the initiative and spearhead the work recommended by the committee?

Ms. Sheila Fraser: In our opinion, it is important that one of the three departments be responsible for the work as a whole, but we would hesitate to identify one. It is incumbent upon the government to do that.

Mr. Steven Blaney: Fine.

Mr. Marc Lemay: It's a big job.

Mr. Steven Blaney: You may answer my next question in the same way.

In your report, you mention two difficulties with regard to Indian and Northern Affairs Canada, the first being the fact that the department has conflicting missions: it must on the one hand provide services, and on the other, act as negotiator. What do you recommend to Indian and Northern Affairs Canada so that it can better accomplish its first mission, which is to help the first nations?

The second difficulty relates to enabling the act for the department's programs, an act which is obsolete. How could the government facilitate the department's work?

Ms. Sheila Fraser: With regard to the sometimes conflicting roles of the department, we think that the department must be aware of them and take the necessary measures to avoid conflicts of interest or even the perception of conflicts of interest. It is up to the department to manage this issue to organize itself in the best possible way and to avoid any appearance of conflicts of interest.

Mr. Steven Blaney: Could the provision of services and the department's role as negotiator be separated?

Ms. Sheila Fraser: That is certainly a possibility. I am under the impression — and the representatives of the department may want to discuss it — that there is within the department distinct groups that play different roles.

Mr. Steven Blaney: Surely.

Ms. Sheila Fraser: The department should however be even more aware of the problem.

Could you help me recall your second question?

Mr. Steven Blaney: It was about the act.

Ms. Sheila Fraser: We noted that there was no legislative basis for the issue of medication. That matter should be reviewed with representatives from Health Canada. Such a legislative basis could eliminate a good part of the work the department must do to obtain letters of consent. There might be other ways of proceeding.

Mr. Steven Blaney: I would like to come back to the question I asked earlier concerning accountability. We know that there are a large number of reports and that this imposes a heavy burden on small communities. We are talking about 150 reports. Do you feel that the information provided allows the department to ensure that funds are really used in the way they were intended to be?

Ms. Sheila Fraser: That is a question the department must answer. In several of our reports, we indicated that there weren't

sufficient analyses and that there were certain anomalies. For instance, in the field of education, certain costs seemed very high, and the department could not provide any explanations. Obtaining information is important, but analyzing it is even more important.

Mr. Steven Blaney: Thank you.

• (1635)

[English]

The Chair: Madam Crowder.

Ms. Jean Crowder: In your speaking notes I noticed that one of the things you talked about was establishing and involving first nations institutions to carry out program goals. It seems that is an underpinning of successful programs. I don't know if you might wish to comment.

This may be more of a comment, but recently there was a request for information—I think it was an RFI—on having a claims benefit process for first nations that's currently delivered under Health Canada's non-insured health benefits program going out to the broader public, though it's currently delivered by a first nations organization. That seems to fly in the face of the recommendation that you're making to support having first nations organizations actually deliver programs.

I don't know if you can comment on that.

Ms. Sheila Fraser: That question would probably be better addressed to the departmental representative, because we haven't looked at that specific contract. It is an issue on which they might be able to provide more information.

Ms. Jean Crowder: I wonder if the department could comment on it, given the context of recommending that first nations organizations should be the ones to deliver, and here we are going outside.

The Chair: Would you like to answer that question?

Mr. Ian Potter (Assistant Deputy Minister, First Nations and Inuit Health Branch, Department of Health): Yes.

I think you're referring to a contract we're in the process of providing to a private organization. There is a current contract right now, which is being operated by a company called First Canadian Health, and it provides the processing of the pharmaceutical and dental benefits the government pays for. It's a fairly large contract, in the hundreds of millions of dollars, and it follows the procedures the government and the Department of Public Works have set out for major government contracts. Those are that the government should get value for money, an efficient service, and the provision, which is in the Public Works guidance or procurement, that when a contract is primarily targeted at aboriginal organizations, there is a provision within that contract for an aboriginal benefit. There are two provisions in that policy. One is called the "set aside" in which the contract can only be competed by firms that are aboriginal-owned. And the second is a provision that allows for the contract to specify certain benefits that whoever wins a contract will have to provide to aboriginal people.

In examining that—and the government has not made its final decision with respect to how to proceed with that contract—we have been conducting information sessions with corporations that may be interested in bidding. What we have observed is that given the specialized nature of this contracting business, there are very few aboriginal-owned corporations that are able to do this. The current corporation that does it, First Canadian Health, has a large subcontract with another corporation, ESI, which does much of the work.

Therefore in considering how to proceed, one of the options we've put out for getting feedback from industry was the possibility of requiring something like a 20% benefit to aboriginal people from that contract, but that the bidders would not necessarily be corporations that were owned by an aboriginal person or persons. That is what we are in the process of doing at the moment.

The Chair: You have a minute and a half.

Ms. Jean Crowder: To follow up on that, my understanding is that the current subcontractor is an aboriginal-owned organization.

Mr. Ian Potter: No. ESI is a—

Ms. Jean Crowder: No, I know ESI is not, but my understanding—

Mr. Ian Potter: We have a current contractor and it is an aboriginal-owned corporation.

Ms. Jean Crowder: Right, that's what I'm saying.

Mr. Ian Potter: That's right. As we re-tender that contract, because I think they've had that contract for almost ten years—

Ms. Jean Crowder: Yes, it's been a while.

Mr. Ian Potter: The period—

Ms. Jean Crowder: Why wouldn't the set-aside provision be considered again? I mean, you have an aboriginal organization that's delivering the service now.

Mr. Ian Potter: As I've said, the policies that we would follow would be those governing large procurements, which are asking the government to ensure that there are a reasonable number of bidders in order to ensure quality and value for the money the government is spending, but they also include a provision that would ensure aboriginal benefit in this particular case.

• (1640)

The Chair: Okay, thank you.

I'm going to follow up on that question, as it's the government's turn. I have a question with regard to the delivery of the dental benefits to first nations.

I had a presentation made to me by the Canadian Dental Association with regard to some of the challenges they have in providing the dental benefit. It seems that there's an \$800 cap on the amount of dental work to be done at one time. The challenge is that quite often for first nations people who come from a remote community there is a significant cost involved in having to travel to a centre where there is dental care provided. Then they can only get a certain amount of work done and then they have to go back and then go back again. You're incurring more expense just in the travel than you are on the actual dental work.

The other thing is the challenge of the audits on the dentist providing the work. It seems to be quite costly. Would you think that maybe it would be easier to find a private sector dental benefit plan on which we could put first nations people and pay that way, rather than the way we're operating now?

Mr. Potter.

Mr. Ian Potter: I'm pleased to answer that.

The issue that was raised with you by the Canadian Dental Association has been resolved, in that the \$800 cap has been removed. It was removed in July 2005. So we no longer have a financial limit on pre-approvals. Like almost every dental plan, there are some procedures that do require pre-approval, but there is no financial limit any more.

With respect to audits, the program we operate has no co-payment and no participation fee from the individuals. This is a policy that the government has accepted. In managing the process, though, it does put a higher degree of scrutiny on the shoulders of the payer, which in this case is the government. When we've discussed this approach with corporate private sector organizations, in terms of managing a program like this, they would see the same requirements of management review and audit.

We have tried to work very diligently with the regional dental associations to come to an arrangement—and we actually have a variety of different types at work—so that we can do them in collaboration, if that's possible.

In our audits, we do not look at the question of the professional competencies. We only look to see that the procedures for which the government is being billed were actually required and were performed.

The Chair: Thank you.

I'd like to turn to the Liberal Party now. Madam Karetak-Lindell, please.

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

Thank you to Ms. Fraser for appearing before the committee. May I take this opportunity to also thank you for coming up to my riding last summer, because we always say you can read all about the north, but you have to experience it to fully understand the points we're trying to make. So I appreciate that.

I have two areas of concern, some of which I know has been covered by other questioners. My two areas are the non-insured health benefits program and the food mail.

The non-insured health benefits process at times seems to be a bit of an impediment in procuring prescription drugs. It is just so cumbersome for pharmacies, and I know some medical offices actually refuse to take patients who have to submit claims to the non-insured health benefits program, and that then limits the number of doctors or dentists we can access, because they just don't want to deal with trying to get money from non-insured health benefits.

I have also had people, especially nurses in remote communities, tell me of the length of time they have to wait for the approval process for a drug that has been prescribed but is not on the approved list. Because we have no pharmacists in many of these communities, the waiting time is increased by the time it takes. Once the approval process is completed, they have to fly the drug to the community. So a patient could go for weeks without getting the actual prescribed drug.

I don't understand. I use non-insured health benefits, along with my other plan. For one plan, claims are submitted by Internet, but for the non-insured one, there has to be a paper submission. So for these two different medical plans, one just goes automatically from a doctor's office and the other one has to be done by paper submission. I'm wondering if that's one of the options we have to streamline non-insured health benefits, and maybe Mr. Potter can help answer this question.

We seem to experience so much difficulty in dealing with that cumbersome process. There has to be some way of streamlining, as you say, the way of submitting claims, because I do know for a fact that some offices are very reluctant to take a patient if they know that they're going to have to deal with non-insured health benefits.

I'll let you answer that one, and then I'll get to the food mail one.

• (1645)

Ms. Sheila Fraser: I would just like to say that my visit to Arctic Bay was a wonderful experience. I saw some of the realities of living in the north: I wanted to take my children with me until I found out that the airfare would be \$4,000 each, so I said I would bring home pictures. But it was a wonderful experience.

Unfortunately, on the health benefits audit we didn't look at the actual process. Mr. Potter might be able to respond to that. We were looking more at the monitoring that the department does on the issue.

Mr. Ian Potter: I'm not quite sure I understand the question fully. I will try to answer it. If I haven't quite answered it, maybe you could just tell me where I'm wrong.

The process we have for submitting pharmacy bills is automatic. It's an Internet-based system, so when a client goes to the pharmacy, the pharmacy automatically enters it into an Internet system—

Ms. Nancy Karetak-Lindell: Is that for every pharmacy now in Canada?

Mr. Ian Potter: There may be a couple that don't, but 99.9% submit that way. We are moving the dental benefits to be the same, so it's all going to be Internet-based.

Ms. Nancy Karetak-Lindell: But the dental ones aren't at the moment, as far as I know.

Mr. Ian Potter: Some are and some aren't. Our plan is to have it all in there as fast as we can. While almost every pharmacy in Canada has an Internet connection and is capable of dealing with that, some dental offices haven't gone that way. But most claims are being submitted that way.

In terms of paying, we're running a system that runs quite quickly. Some drugs are on a limited availability list, and these are called drug exceptions. There are a number of reasons why they would be

on that list. The drug may be of a higher risk when people use it; it may be a very expensive drug, where there are more cost-effective interventions available, or there may be some other medical reason why it's on that list.

In those circumstances, the doctor has to contact the drug exception centre, which operates five days a week for about twelve hours a day. If a person arrives when that centre is closed, they can get a prescription for a short period of time. So hopefully it's not an impediment.

Sometimes the actual shipping of the drug—which is not our responsibility but is the responsibility of the pharmacy—is a problem in getting it to the individual, depending on where the person is, or where the pharmacy is connected in its wholesale distribution system.

Hopefully I have captured the essence of your question.

• (1650)

The Chair: Thank you.

Ms. Nancy Karetak-Lindell: How much time do I have?

The Chair: We're out of time, actually.

Ms. Nancy Karetak-Lindell: Can I get on the list for the next question?

The Chair: Okay.

We have the government side. Are there any questions?

Mr. Brian Storseth (Westlock—St. Paul, CPC): I can ask a question. Thank you, Mr. Chair.

Thank you very much for coming before us today.

I've taken a great interest in many of the reports your office has brought out, and one of the things I continue to ask when I look at these is what, if any, progress is continuing to be made throughout your ongoing reports.

In reference to exhibit 5.1 of your report, particularly paragraph 6.94, I was wondering what progress has been made or not been made with the government over the last several years with this file.

Ms. Sheila Fraser: We indicate here our assessment of progress on the housing program. We said that the department has worked with Canada Mortgage and Housing Corporation to identify how many housing units it plans to build, what has been built, and how much the program costs.

The question that remains, from our point of view, is that it hasn't identified how well the program is working to alleviate the very serious shortages. Perhaps the department would like to give more information on plans they have on this particular file.

The Chair: Mr. LeBlanc.

Mr. Paul LeBlanc: Thank you, Mr. Chair.

It's true that there has been considerable cooperation between CMHC and INAC in terms of harmonizing programs, seeking complementarity wherever possible, and ensuring that together the programs can meet the broadest spectrum of needs. There have been improvements in measuring housing starts and incidence of reparation, etc. Those kinds of improvements, I believe, have been noted by the Auditor General on a few occasions.

We've agreed with that recommendation in terms of completing the qualitative value of information and reporting to Parliament with regard to the overall impact on the need for housing, the waiting list, etc., and we intend to work with CMHC to improve that aspect of the reporting. We hope to do so as early as late 2006.

Mr. Brian Storseth: With regard to that aspect of the reporting, obviously you have found certain regions that are more critically in need of this than others. Could we have some enlightenment on that?

Mr. Paul LeBlanc: Greater housing needs, as opposed to greater need for this type of reporting?

Mr. Brian Storseth: Yes.

Mr. Paul LeBlanc: The housing needs vary considerably across the country. There's a significant amount of discretion at the level of the first nation about how limited housing resources are applied; for example, how much housing resource is applied to new builds and the kinds of new builds, how much money may be put into lot development versus actual housing development, how much a community will need to match federal funding to make housing dollars go further, and the extent to which they will use rental regimes or home ownership regimes and through these methods have private sector investment to the first nation. These vary considerably across the country.

The department applies its housing resources on an equitable basis, which is driven primarily by population from first nation to first nation. The bulk of the decisions about how to invest that money resides with the local leadership. There are examples of first nations that are phenomenally successful in terms of private sector leveraging and home ownership on reserve. They are not in a majority, but they are not insignificant. They are doing a great deal to help other first nations develop this kind of market investment in their housing needs.

• (1655)

The Chair: Thank you.

Mr. Lemay.

[*Translation*]

Mr. Marc Lemay: I have several questions, but I am going to save some for the next report. Be that as it may, let's start with this one.

As I was saying earlier, Ms. Fraser, I read and reread your report. In doing so, I wondered whether the government wasn't both judge and defendant in the context of treaty negotiations. We know that it will pay, decide at what time the negotiations will take place, what will be discussed and how long they will last. I don't want to talk about conflicts of interest, but I wonder whether that isn't one of the reasons why negotiations are so difficult.

I read, at the end of your report, the government's overall response. This is what it said:

[...] resolving Aboriginal issues remains an extremely difficult challenge, characterized by complex jurisdictional issues. Taking on major reforms is complex, requires staging over time, and is supported by the establishment of strong governance and accountability measures in First Nations communities.

You have read this paragraph, I expect. I would like to know how you interpret it. I must admit that I have reservations in this regard. It is on page 199 of the French version. I don't know if I am leading you into difficult territory.

Ms. Sheila Fraser: You may want to ask the government for explanations in that regard.

Be that as it may, we all recognize that these are complex issues that require time. Moreover, the government indicated that strong governance and accountability measures were required from introduced into aboriginal communities. Within the context of our audits, we noted that certain concrete measures could have been taken during the that has elapsed time, and we did not observe the progress that we would have liked to see. No department was clearly entrusted with developing a strategy for addressing the problem of mould. There are indications that treaty negotiations could take 29 years on the average. That seems too long to us.

In brief, these things will take time, but one has to wonder whether they won't take too much time.

Mr. Marc Lemay: Do you mean that treaty negotiations are lengthy, but that the applications of certain measures could at least cause things to move forward?

Ms. Sheila Fraser: The federal government has obligations, whether pursuant treaties, legislation or other matters. For our part, we ensure through our audits that the government is respecting its commitments under the policies it has put in place, and existing obligations.

Insofar as the treaties are concerned, I would suggest that we revisit this issue after the next report. There will be an audit which will focus specifically on the treaty process. I think that we will be in a position to discuss the issue more advisedly.

In any case, the government may want to provide further details on the matter.

• (1700)

Mr. Marc Lemay: Am I to understand that the next report will discuss the 748 files that are pending? If that were the case, I would really find you extraordinary!

Ms. Sheila Fraser: Unfortunately, we are not in a position to do all of that. We are studying the process applied in British Columbia.

Mr. Marc Lemay: Yes, that is what we were saying earlier.

Mr. LeBlanc.

Mr. Paul LeBlanc: A little earlier, we broached the issue of the department's dual role, that is to say the provision of services and its responsibility for the negotiations. I think that one of the members of the committee or the Auditor General mentioned that administrative measures could be taken to minimize the possibility of conflicts. Among others, these functions must be separated within the departments. Thus, the provision of services can be treated separately in a unit where the people responsible for those negotiations work, for instance.

Unfortunately, those people are not represented today at this committee. I would prefer that they be present so that we could discuss this issue with greater precision. We are talking here about treaties and land claims. We could surely raise these topics at a subsequent meeting.

Mr. Marc Lemay: Very well.

[*English*]

The Chair: Thank you.

We'll move on to the government side. Mr. Albrecht.

Mr. Harold Albrecht: Mr. Chairman, Mr. LeBlanc mentioned earlier the success on various reserves of different ways of dealing with the housing issue and how these are helping other areas with their housing needs as well. I'm pleased to hear it.

In light of the report, I asked Ms. Fraser earlier, concerning the three priorities involving an unsatisfactory response, if she could identify three or four examples in which she has seen a very good response to previous reports as INAC has worked through them, and whether she could speculate as to why in those areas they were successful in addressing the issues and in others may not have been. Using a similar approach, if we could share the commonalities of procedures and philosophy that was used there, maybe they could be applied in an another area.

Ms. Sheila Fraser: We note in the report a number of recommendations where there has been satisfactory progress. I could just rapidly go through them. For example, in Health Canada in the first nations health we note here that the department realigned program structure. It does more monitoring and follow-up of activity reports. It requires community health plans. And they were being more vigilant, I think, about some of the requirements of the transfer agreements. So there was actually overall very good progress made on that particular chapter.

Another one, as was mentioned earlier by Mr. LeBlanc, was the cooperation between the Department of Indian Affairs and Central Mortgage and Housing Corporation. There was much better cooperation, and that brought in a number of improvements to the way housing programs were being run, for example, on codes and standards.

I'm just going through some of this quickly here. Those are the two where we noted the most progress. I think those would be the two where the most progress was noted.

Mr. Harold Albrecht: Would it be fair to say, then, that it's primarily an administrative change that has taken place, as opposed to action on the part of the committee or on part of the Ministry of Indian Affairs?

Ms. Sheila Fraser: That's why, in spite of the fact that there were so many recommendations where we did give them a satisfactory rating, overall we judge progress as unsatisfactory, because most of the ones where there was satisfactory progress tended to deal with the kind of internal government cooperation and collaboration, and for the programs that really affected people's health and well-being the most progress wasn't as satisfactory.

• (1705)

Mr. Harold Albrecht: Thank you.

The Chair: Mr. Blaney.

[*Translation*]

Mr. Steven Blaney: Thank you.

My question could be addressed to Ms. Fraser as well as to the representatives of Indian and Northern Affairs Canada.

Mr. Lemay was mentioning earlier that in spite of the new housing, the occupants of certain existing housing were grappling with mould problems. In some cases this can be related to maintenance problems or the difficulty first nations members have with the upkeep of their homes.

Housing is a crucial issue for communities. Do you think there are mechanisms which could allow us to see to it that the housing stock be kept in better condition? I know that there are various types of properties in the communities. Perhaps you could provide us with some details on this?

Ms. Sheila Fraser: Several factors contribute to the mould problems. Maintenance is of course one of them, as is lifestyle, but overcrowding is another. This last factor is important. Education programs on these issues are already in existence, among others at the Canada Mortgage and Housing Corporation, if memory serves. I am sure that Mr. LeBlanc could give you more details in this regard.

Mr. Paul LeBlanc: I agree. There has to be interventions at several different levels. There are some things that only the occupants of the houses can do. People must be well-informed and know how to detect real or potential signs of mould very early. They must be able to recognize these factors and know what to do to prevent, if not to correct, the appearance of mould very early in the process. Of course, that requires training and information. For a few years, this has been a priority. One or two years ago, the Canada Mortgage and Housing Corporation devised training programs in the field for 150 communities. This training will be given to at least 60 other communities in the course of the coming year. We cooperate with the CMHC and coordinate our efforts with those of the corporation to develop documentation and to ensure that it is available everywhere. Regional Health Canada officers visit the communities and provide advice to the citizens on health care and the prevention of conditions that can have adverse effects on their health.

So there are several factors. We were talking about codes earlier. We have to improve construction standards to ensure the integrity of housing and reduce its vulnerability to the problem we are discussing. We must also improve first nations' capacity to manage their housing. The department is actively investing in these areas. We have to approach this issue from several different directions. That is what we are doing. We accept the Auditor General's recommendation which says that we have to better integrate our efforts and improve the coordination of our strategy. We intend to do so and to accelerate things over the next few months.

Mr. Steven Blaney: Thank you.

[*English*]

The Chair: Thank you.

Madam Crowder.

Ms. Jean Crowder: I just wanted to make a comment about housing. I didn't hear the words "shoddy construction", and there are certainly some houses that are very poorly constructed, with inappropriate ventilation and all of those kinds of things. So I think that's an important factor.

Also, I think the fact of overcrowding is significant, in that there are often not the funds to build adequate numbers of houses for people living on reserve. As well, my understanding of it is that there isn't sufficient recognition in the funding formulas to allow for different conditions in different parts of the country—like the north, for example—which contributes to the overcrowding. As well, many houses do not have access to running water or electricity. So you've got a very complex problem that requires that integrated solution.

I wanted to ask Ms. Fraser two quick things about third-party management. I was quite surprised that some of the bands are still in third-party management some years after they were originally put into it. I wonder if you could comment on that specifically. What is it that gets in the way of having people move from third-party management back to self-sufficiency?

The second piece is your comment on the Indian Act being an outdated piece of legislation. You specifically cited provincial legislation on housing, education, and health and safety. Do you see specific areas where federal legislation is required in areas like housing, education, health, and safety?

• (1710)

Ms. Sheila Fraser: On third-party management, I think I'll let Mr. Campbell take that one.

Mr. Ronnie Campbell: In relation to third-party management, we found in our audits that there is a need for the third-party manager to have an exit plan. There's got to be a concept of building capacity and having a plan right from the start, in terms of how does a third-party manager get out and leave the first nation with the capacity and the wherewithal to manage their own situations. So that's the big thing that was missing at the time.

In terms of the second part of the question, I think Ms. Fraser is going to answer that.

Ms. Sheila Fraser: On the legislation, the point we were trying to make is that the Indian Act is obviously a very old piece of legislation. A lot of developments over time have come in, in

provinces or elsewhere, that obviously aren't reflected in the Indian Act. I go back to the one on water standards. We're dealing with issues today as communities that I don't think people would even have conceived of at the time of the Indian Act. So there could be and I would say there probably is need for a legislative base for us to address certain issues.

But I would go back again to the question of building the institutions and the framework and the base for first nations communities, and building the capacity. Legislation could be one way. Legislation at least helps to define roles and responsibilities, and that's another area where we've noted in many of our audits that the roles and responsibilities are not clear—housing is a good example—and if there were a legislative base, it would help to clarify them.

The Chair: Actually, it's the government's turn, but I'm going to allow Ms. Karetak-Lindell a question.

Ms. Nancy Karetak-Lindell: Thank you very much.

I want to make a clarification. I heard through the interpretation—I think it was when Mr. Lévesque was speaking—that Inuit were tax-exempt on certain things, and I don't believe that's true. Inuit pay taxes like everyone else. Unless that was something I caught in the interpretation.... Inuit are not tax-exempt, just for clarification.

The Chair: Who said that?

Ms. Nancy Karetak-Lindell: When Mr. Lévesque was speaking, I heard it through the interpretation.

The Chair: Okay.

Ms. Nancy Karetak-Lindell: Anyway, on the food mail program's entry points, I'm very much in support of the pilot projects that are going on. But of course we have been lobbied by different groups asking that these pilot projects be in every northern community, and I know the expense that would be involved in that. How can we make sure at least that there is some equality in the program and access to the program?

The other clarification I want to get is this. If you're talking about Churchill as being reviewed as an entry point, I don't believe it is an entry point at this point in time. That's what the review was about: to see whether it could be added as an entry point. I was home recently and paid \$1.92 for one large orange, and I kept thinking that we can't be on the food mail program if I'm paying \$1.92 for one orange. I don't believe Churchill, or any place in Manitoba, is an entry point yet. Is that correct?

• (1715)

Ms. Sheila Fraser: That response would best be given by the department.

Ms. Mary Quinn: Churchill currently is an entry point. One of the reasons we were looking at Churchill was that there were concerns about the price and quality of some of the foods coming out of those areas. There were meetings over the past year with retailers and airlines and communities to look at different ways food could be delivered. They looked at options around Thompson and around Winnipeg and started putting together some of the costs associated with moving that entry point south, or using Thompson. We'll be taking that analysis and looking at the broad issue of what to do with the results of the pilot projects and how to move the program forward.

Ms. Nancy Karetak-Lindell: That means not every community is eligible for it, then, right?

Ms. Mary Quinn: I could get the information to you quite quickly, but there are five communities, I believe, that are served out of Churchill at the current time in the Kivalliq region.

Ms. Nancy Karetak-Lindell: Then there must be some communities not served, because there are seven.

Okay, thank you.

The Chair: Could I just add to that question, Madam Quinn? Do you have a level of selection of the food items? I lived in the north for a number of years, and we didn't expect to have peaches in the middle of winter. I'm wondering whether you have some sort of guideline of what is an acceptable selection.

Ms. Mary Quinn: Yes, we do, Mr. Chairman. We have it on our website, and we have pamphlets that outline the foods that are eligible. There is the option of bringing up some foods—particularly heavy, non-perishable foods—to communities that have sealift, but we have what we call a list of eligible perishable foods, such as fruit, milk, vegetables, meat. There is a refinement of that list for what we call highly perishable foods, and there are other essential items. So we do outline for people what is eligible and what isn't.

The Chair: I'm going to let Mr. Alghabra ask a question now. He's the only one who hasn't had a question and I'll give him that opportunity now because we're running out of time.

Mr. Omar Alghabra (Mississauga—Erindale, Lib.): Thank you, Mr. Chair.

Madam Fraser, thank you so much for coming, and I want to congratulate you and your team on the excellent, professional, and objective work you've been doing.

You've listed seven critical factors and when asked to prioritize three you picked sustained management attention, coordination of government programs, and meaningful consultation. I find the fourth one is a really interesting one, which is developing capacity within first nations. Could you elaborate a little on that issue and maybe share with us some of the best practices you've seen, if any? Perhaps the department could say whether it has any plans or programs on carrying or building on those best practices.

Ms. Sheila Fraser: Thank you.

We agree absolutely that this is one of the most critical success factors. I think in every audit that we have done, as I mentioned, we have received excellent cooperation from first nations communities. We have tried to show examples of where programs are being implemented successfully and where the first nations, in many cases,

have even done innovative practices to try to improve the program. In housing, for example, I remember in a report there were examples of communities that had started almost a rental program; others had tried to get funding themselves to increase the stock of housing. On economic development there were also good examples. I can think of communities that have a 20-year plan and they know exactly where they are in their 20-year plan.

There are a lot of good examples out there, but it's important that the overall capacity, even though there are those examples, be raised. I think we have to realize that many of these communities are very small. To do the delivery of all these programs is very onerous for a community of 200 or 300 people when you have to be responsible for education, social welfare, health. The skill set that is required to deliver these programs is varied and often very specialized.

I'd say we've seen a number of good examples. I think every report will talk about them, but I think there has to be recognition that the capacity overall needs to be strengthened if we expect these programs to be delivered successfully.

I don't know whether the department would like to add anything more.

• (1720)

The Chair: Mr. LeBlanc.

Mr. Omar Alghabra: Are there any plans to put more emphasis on capacity building?

Mr. Paul LeBlanc: The department recognizes the importance of the seven factors of success and they are foremost in our considerations. The one that you mentioned is indeed very important.

I think of the enhanced water management strategy, for example, that the minister announced a few months ago. Very central to supporting first nations in managing safe and clean water for their citizens is the promotion of capacity building—training for plant operators, training available for first nations administrators in the area of water.

We talked a little earlier about institution building. In many cases not only does the department provide direct support for the training and certification of water plant operators, the department also supports first nations organizations that specialize in the provision of that very training. Where there is an absence of trained or certified operators, it actually provides certified oversight on an itinerant basis. That's an example of where we do indeed value capacity building. There are several others.

In the area of managing the housing stock, we do provide support for training for first nations people who are charged with that responsibility. There are programs in the education envelope that provide support for training and development of education administrators and we provide resources to aggregate levels like tribal councils, which in turn provide support to first nations. That capacity is built at the first nation level, in the school, in the water plant, and then it's built at aggregations where it's indispensable to provide an economy of scale and an overview of capacity and expertise to a natural aggregation of first nations, sometimes tribal councils and sometimes other aggregations.

Those are a few examples. There are others.

The Chair: Thank you.

Mr. Lévesque has the last question, please.

[*Translation*]

Mr. Yvon Lévesque: I want to clarify what I said about taxes to Ms. Lindell. I did say that the Inuit were taxpayers. Indeed, they pay a lot more tax than the others. They have to pay for the cost of transporting merchandise, on which they also pay tax. The Inuit mention that, in fact, they pay taxes just like other Canadians and don't even have any roads. They would like the government to subsidize transport in order to allow them to purchase what they need at reasonable prices.

I would now like to talk about overcrowded, obsolete and dangerous housing. Water reservoirs have never been replaced and their maintenance costs a fortune. Those reservoirs are sometimes contaminated by other water sources. Moreover, septic tanks are rotten, and maintaining heating systems costs a fortune.

Madam Auditor, have any studies ever been done on this? We know that each year, we ask for 800 houses. Last year, in Nunavik, we were 800 houses short. Two hundred and fifty were granted over five years. In light of the rate of population growth, in five years, those 250 houses will already be insufficient. In the meantime, overcrowding will get worse. Most houses have three or four bedrooms and 10 or 15 people live in them. If the government invested a bit more money to solve the problem of overcrowding, wouldn't it recoup these savings in health care?

• (1725)

[*English*]

The Chair: Mr. Lévesque, would you summarize your question, please?

Mr. Yvon Lévesque: Yes, that's what I'm....

[*Translation*]

That is what I'm doing, Mr. Chairman. However, I would like to be well understood. Has a study been done to determine whether the fact of correcting that problem and all of the others would allow the government to save money in the final analysis?

Ms. Sheila Fraser: Mr. Chairman, I don't know if the study Mr. Lévesque refers to has been done. However, when we carried out our audit on housing in 2001, the department estimated that 8,500 housing units were needed and that 44 per cent of the 89,000 existing houses were in need of major renovations. At the time, we pointed out that with population, growth, housing needs

would become increasingly acute. It is certain that the situation is going to get worse, not better. I don't know if the department has more recent information.

Mr. Paul LeBlanc: Mr. Chairman, the only figure I can cite is the additional investment in the 2005 budget: there amounted to a \$265 million increase in the annual base budget of the department for housing, which was \$138 million. I think that this will allow for the construction of 6,400 new housing units as well as permit major renovations to 5,000 other housing units. This will have a significant impact on the backlog. However, in order to meet this challenge, other measures than public investment will have to be taken. There will have to be financing from the market. In order to multiply the public investment, we will have to go and get investments from individuals or the commercial sector.

[*English*]

The Chair: Thank you very much to the witnesses, who have provided valuable information.

Madam Fraser, your audit laid out some challenges to this committee and the department, and we believe we're up to them. Hopefully the next time we speak you'll have a favourable report about some of the accomplishments of the department and this committee.

I want to thank you very much for appearing today.

Ms. Sheila Fraser: Thank you, Mr. Chair.

The Chair: Mr. Russell.

Mr. Todd Russell: I want to thank Ms. Fraser for coming.

Mr. Chair, may I make a suggestion?

We have the Minister of Indian Affairs and Northern Development in on Wednesday, I think. A number of questions have centred around treaties, land claims, and so on. Can the department provide a person who can answer those particular questions or address those issues?

The Chair: Mr. LeBlanc.

Mr. Paul LeBlanc: Yes, the department will be represented in that area.

Mr. Todd Russell: Okay, thank you.

The Chair: Thank you.

Mr. Lemay.

[*Translation*]

Mr. Marc Lemay: Mr. Chairman, we received governor-in-council appointment orders and we have 30 days to study them. I expect that we will do this at the next meeting or at the June 5 meeting.

[*English*]

The Chair: Reviewing this is an option the committee has. It is not something we must do; it's up to the pleasure of the committee. What is the pleasure of the committee?

Ms. Neville.

• (1730)

Hon. Anita Neville: Mr. Chairman, I didn't hear Mr. Lemay's original question. I'm sorry.

The Chair: It concerned appointments within the Department of Indian Affairs and Northern Development. In the act, there is information with regard to the engagement of an employee, such as a new deputy minister for the department.

Hon. Anita Neville: My understanding, Mr. Chair, if I may—

The Chair: Yes, Ms. Neville.

Hon. Anita Neville: —is that committees I've been on before had the discretion to determine which potential new employees they would like to interview. If other committee members wish to call this person before the committee, I would certainly support it.

The Chair: What is the pleasure of the committee?

[*Translation*]

Mr. Marc Lemay: Well...

[*English*]

The Chair: If we revisit this question at the next meeting, would that be appropriate?

[*Translation*]

Mr. Marc Lemay: Very well.

[*English*]

The Chair: Okay, thank you, Mr. Lemay.

[*Translation*]

Mr. Marc Lemay: Thank you.

[*English*]

The Chair: I'll close this meeting. We're adjourned.

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