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# **Standing Committee on Aboriginal Affairs and Northern Development**

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**EVIDENCE**

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**Chair**

**Mr. Colin Mayes**

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## Standing Committee on Aboriginal Affairs and Northern Development

Wednesday, May 31, 2006

• (1530)

[English]

**The Chair (Mr. Colin Mayes (Okanagan—Shuswap, CPC)):** I will open this meeting of the Standing Committee on Aboriginal Affairs and Northern Development, this meeting of Wednesday, May 31, 2006.

Members, I just want to say before we begin that Ms. Neville said she would be away and apologized for her absence. It is no indication of her lack of interest in this committee. I want to pass that on, on her behalf.

We have the orders of the day before us, committee members: pursuant to Standing Order 108(2), a study on ministerial priorities. Appearing before us is the Honourable Jim Prentice, Minister of Indian Affairs and Northern Development, with witnesses from the Department of Indian Affairs and Northern Development: Michael Wernick, deputy minister; Paul LeBlanc, senior assistant deputy minister, socio-economic policy and regional operations sector; and Caroline Davis, assistant deputy minister, corporate services.

Welcome, Minister.

**Hon. Jim Prentice (Minister of Indian Affairs and Northern Development):** Thank you very much, Mr. Chairman. It gives me great pleasure to appear today before the Standing Committee on Aboriginal Affairs and Northern Development. As you know, I was a member of this standing committee for some period of time, and I see some new friends and some old friends here.

[Translation]

As a former member of the committee, I fully appreciate the important role it plays in making progress on crucial national issues.

[English]

As many of you know, I worked on land claims before I was elected, and in opposition I served as our party's critic with respect to aboriginal issues. I enjoyed the opportunity I've had over the course of many years to spend time with many different aboriginal leaders discussing the range of important issues we face as a nation and that aboriginal people face. I am passionate about the issues we are here to address, and I look forward to our time together this afternoon in this committee session.

Today I would like to share with you some of the guiding principles that have been valuable to me as a minister and also to our department and that will be of value to the government as we move forward and as our relationship with aboriginal people evolves.

One of the fundamental principles must be adherence to the Constitution of our country. I'm sure you will agree with me that the rights of individuals, irrespective of where they live in Canada, that are guaranteed under the Charter of Rights and Freedoms must be respected at all times. So must the charter-protected aboriginal and treaty rights, which are referenced particularly in section 35 of the Constitution.

As well, basic democratic values must be promoted, such as transparency in governance structures among governments, accountability, and responsibility of all elected officials to their members. At least as important as these are the equal treatment of men and women, which is a topic I have spoken with some of you at this table about and which I know we'll discuss today.

[Translation]

These are basic expectations citizens have of their governing bodies, and we know that Aboriginal people are in agreement with these values.

As the father of three beautiful daughters, much of my motivation to work in government centers around building a better future for them. I know that Aboriginal leaders feel the same way about youth in their communities.

[English]

I am pleased to say I have just had the experience of getting my youngest daughter through high school. I now have three daughters at university, so I am very sensitive to education and the importance of it to young Canadians.

By ensuring that aboriginal young people have the educational and skills development programs that will prepare them for the economy of the future, we will facilitate improved access to the same economic opportunities as are available to non-aboriginal youth.

• (1535)

[Translation]

Aboriginal people must have the tools and training to seize the opportunities presented by the resource development taking place in and around their communities, and to participate fully in the broader Canadian economy.

[English]

Another guiding principle is the availability of programs and services for aboriginal people that meet 21st century standards, which they need to have a modern legislative base—another topic I think we should discuss in detail today. This legislation must be focused on achieving effective and measurable results.

So as Canada's new government moves forward together with aboriginal peoples, we will focus on priority areas where we can make a measurable improvement in the months ahead.

In particular, I would say to the committee that we believe we can make a real difference in five areas: firstly, in education, we must create new opportunities for aboriginal youth; secondly, we can do more to support women, children, and families; thirdly, the safety of first nations' water on reserve has been a concern for some time, which we have taken steps to address; fourthly, housing on and off reserves has been identified as a real need; and ultimately, we need to move forward in partnership with aboriginal organizations, first nations, and leaders in all of these areas to change the relationship between first nations and government. We can enhance the capacity of first nations to manage more of their own affairs, and we can move forward towards self-government agreements. These are the objectives we support.

[Translation]

The last one is obviously a longer-term goal. But to get there, we have to meet some immediate objectives.

This year's budget allocates \$450 million for initiatives in priority areas: water, women and children, housing and education.

[English]

The funds that have been discussed in the budget—the \$450 million—are being provided in a clear two-year budgetary framework. I would emphasize that this is real money, flowing into real programs that will make a real difference in people's lives. The most basic of these needs is water.

[Translation]

It is unacceptable that hundreds of First Nation communities in Canada have not had access to reliable supplies of safe drinking water. My first action upon taking office was to introduce measures to rectify the situation. Two months ago, I directed officials to implement a series of steps that will improve water quality on reserves across Canada. These steps include accountability measures that require regular monitoring of water quality and full reporting of test results.

[English]

Furthermore, today the Government of Canada and the Assembly of First Nations announced the formation of a three-member expert panel that will ensure that all first nation communities have access to safe drinking water. The panel will provide options for a regulatory framework, which would be developed with all partners.

Ladies and gentlemen, the well-being of aboriginal women and children is another priority of this government and needs to be a priority of this committee. Significant inequities separate aboriginal and non-aboriginal women. We must do more to eliminate the root causes of these inequities.

During my tenure as minister, I am determined to resolve the difficult issues surrounding matrimonial real property. The government will also continue to deliver programs targeting women and children, and we are implementing the universal child care plan to support both aboriginal and non-aboriginal families.

[Translation]

Most of us would agree that access to quality education is the surest way to eradicate the poverty that plagues so many Aboriginal communities.

Since taking office, I have met with representatives of organizations across the country to discuss ways of improving the quality of education in Aboriginal communities.

• (1540)

[English]

The recent budget also included investments relating to housing. The government is committed to addressing the on-reserve housing challenge. In fact, housing production will triple this year, but we also realize that money alone cannot adequately address this challenge. So we are committed to working with first nations to develop more effective and more sustainable approaches.

There are impressive first nation successes in attracting market investment and promoting home ownership, which are very promising for the future in this country.

[Translation]

As well, the budget commits \$600 million to addressing the housing needs of Aboriginal people living off reserve and of Northerners.

[English]

As we move forward on these priorities, we will have to bring more clarity around the roles and responsibilities amongst all parties, both government and aboriginal. That is something we have striven to do with respect to water. Currently there is a disconnect between government and band councils, between accounting for funding and responsibility for delivering programs and services. Self-government and devolution are two means of realigning accountability and responsibility. I believe these solutions are the way of the future.

For instance, yesterday the Government of Canada tabled an offer to the Deh Cho First Nation of the Northwest Territories towards the settlement of a land and self-government agreement. This offer provides the basis for the negotiation of a fair and reasonable agreement that can meet the Deh Cho's interests. Those of you familiar with the north will be familiar that this in a sense is the largest remaining outstanding land claim issue north of 60 in this country.

As the Auditor General noted earlier this month, the last government failed to improve the quality of life of aboriginal peoples, and it also failed to cut the red tape in first nations' dealings with Ottawa. The current paradox is that band councils are the main service providers on reserve, yet responsibility for the programs themselves lies with the Government of Canada. Right now, that means in effect that first nations provide this government, the Government of Canada, with more than 144 annual reports on their activities. This system must change.

[Translation]

Of course, that kind of change could only begin with broad consultations among First Nations, Aboriginal stakeholders, provinces and territories and others.

The ideas must be generated first from Aboriginal leaders, not imposed by Ottawa.

As we move forward, we cannot forget the past.

[English]

The principles of mutual respect and reconciliation must be observed. To this end, our budget set aside \$2.2 billion to address the legacy of Indian residential schools. On May 10, the settlement agreement was signed and an advance payment program for seniors was launched. As everyone knows, the agreement is now winding its way through the court process that is a necessary condition for approval.

[Translation]

As well, we need to address other outstanding issues such as specific claims and treaties. It is also important that all Canadians recognize and accept the contributions that Aboriginal people and cultures have made and will continue to make to this country.

[English]

Mr. Chairman, one of the many lessons that I learned from my time on the Indian Specific Claims Commission, which I co-chaired for some nine years, and on the Standing Committee on Aboriginal Affairs and Northern Development is this: money alone cannot solve the problems that aboriginal Canadians face today. We must apply the same basic principles that guide good government for non-aboriginal Canadians: charter rights, democratic values, fairness, and respect. Aboriginal people in this country deserve no less.

Thank you, Mr. Chairman. I look forward to responding to the questions from committee members.

**The Chair:** Thank you, Mr. Minister. Thank you also for your willingness to be here and to listen to the questions of the committee.

We'll start with the first seven minutes from the Liberal side. Who would like to speak first?

Mr. Valley.

**Mr. Roger Valley (Kenora, Lib.):** Thank you, Mr. Chairman. Thank you for the opportunity.

Thank you to the minister for coming here today.

I had the opportunity to work with the minister when he served on the last committee, and I appreciated the time and effort he put into it. I tried to learn a lot from him in those days.

I'm very encouraged by a number of the words that you're using, such as "broad consultations among First Nations, Aboriginal stakeholders, provinces and territories and others" and that "ideas must be generated first from Aboriginal leaders, not imposed by Ottawa". These are all words that we took to heart when we started working on the Kelowna accord. So I'm very glad to see those words in there; they mean you believe that a lot of the work done previously was of value, and we appreciate that. At the same time,

you mentioned through a number of your comments that you're going to honour some of the agreements reached by the last government. We thank you for that part of it, because it speeds the process along, instead of having to reinvent the wheel.

I just want to say that during the election there were some comments attributed to you, so I thought I'd give you the chance to clear them up. They deal specifically with the Kelowna accord. Perhaps I could quote what was purported to have been said by you: "We are supportive of Kelowna. We are supportive of the targets and objectives that were set at Kelowna".

Maybe you could answer my first question. Are you planning on reinventing the wheel, or are you planning to carry forward many of the issues from Kelowna? Would you just enlighten us on how you see Kelowna fitting in, and a lot of the agreements in it, given some of the restrictions that you have in your budget?

● (1545)

**Hon. Jim Prentice:** I'm pleased to answer that question. I expect some of the discussion today will be devoted to Kelowna, and I'd like to be quite clear on this.

I took part in the Kelowna process; I was there. I know there are other people in this room who were there as well. I stated at the time that the document that described targets and objectives, which was tabled at the commencement of the Kelowna process, was one on which there was broad agreement. I felt the targets and objectives that were set forth at the beginning of the Kelowna process were ones most Canadians embrace: to eliminate aboriginal poverty, to eliminate the gaps pertaining to housing, education, social services, and so on.

The difficulty was, from my perspective, that towards the close of the first ministers meeting—frankly, in the closing 10 to 15 minutes—the Prime Minister of the day tabled a single-page document that was a compilation of numbers on one page that totaled \$5.1 billion. There was no accord. There was no agreement signed at that time that reflected all of the premiers, all of the territorial leaders, and all of the aboriginal leaders with respect to that document. Frankly, all there was was a press release that was issued by the then government at the close of the conference.

I took the time at Kelowna to speak with premiers and with aboriginal leaders, and I was struck by the fact that there was no consensus, no agreement on the \$5.1 billion: how it would be spent, where it would come from, how it would be distributed amongst the aboriginal organizations, how it would be split up amongst the provinces and the territories. I think that's underscored by the fact that no document was ever signed. There was discussion at Kelowna about producing a document that would be signed, but it never happened, because there wasn't an agreement.

What I've said in the face of that is that we are supportive of the targets and objectives and will move forward to address those issues, and we'll address them within the budgetary parameters of the government. I think our first budget is an excellent step forward. We will work in consultation with all of the aboriginal organizations that were at Kelowna, and with all of the premiers and territorial leaders, to move forward. I think that's a very reasonable position for the Government of Canada to take.

**Mr. Roger Valley:** Thank you, Minister.

I would disagree with you on your comments on the budget. I don't believe there's enough in there that addresses the issues of the aboriginal people in Canada.

I want to take you back to page 5 of your opening remarks. You identify five areas of key concern. All those areas were identified in Kelowna, and you've listed them here. Can you tell us in a very brief answer, because I have a question after this, whether these are listed in priority, or do you see them as all being dealt with at the same time? Can you give me a brief answer on which of these you see as the first ones you'd like to address?

**Hon. Jim Prentice:** The areas we've spoken of—these are education, social services, supporting women and children, the safety of water on reserve, housing—are all important issues. They are all part of eliminating the poverty gap.

The very first issues I've moved on since becoming minister related to water. I did so because I felt the situation aboriginal people were living in was unacceptable and that the circumstance was quite dire. In terms of the immediate task, in the first 45 days I was the minister I announced a national water strategy. We've now appointed a panel of experts that will carry forward with the work. That was done.

Let us be clear with Canadians about the situation the new government inherited. With respect to water, I asked the department to provide us information on how many aboriginal communities were living at risk. We found 21 communities living at risk. We found another 170 communities beyond that, living at high risk. These are close to 200 communities left to us by the former government with water systems presenting a high risk to aboriginal Canadians. Was that a priority? It was an immediate task to move on to address the situation, and we're doing the best we can.

We also moved forward on education, housing, women's rights, and these other matters, and we'll do so as we are able to and as we are able to achieve a consensus with other levels of government and aboriginal leaders.

• (1550)

**The Chair:** That's the end of your questions.

We'll move on to the Bloc.

Mr. Lemay.

[*Translation*]

**Mr. Marc Lemay (Abitibi—Témiscamingue, BQ):** Good day, Minister. I suggest that you listen to the English feed, for greater certainty, as I have some very specific questions for you.

I note that on page 5 of your presentation, you've identified education as one of your priorities. Did you realize that tomorrow is the first day of June and that in June, your department is supposed to unveil a new education policy? Your department undertook to do so in 2004, further to the Auditor General's report on education.

Are you ready to unveil your new policy? Will we be receiving copies of it? Education happens to be a priority of this committee. So then, is the policy ready and will it be released in June 2006? As I pointed out, tomorrow is the first day of June.

**Hon. Jim Prentice:** In theory, we must work with Aboriginal committees, with the Assembly of First Nations and with other Aboriginal organizations. We need to formulate an education strategy and policy.

We are on good terms with Aboriginal organizations and I feel that we are making progress.

[*English*]

I will elaborate.

[*Translation*]

I'll continue my remarks in English.

[*English*]

In my view, education is the way forward. It is the obligation that we need to focus on. Let me just say this. I don't think the existing situation is acceptable. We have a Minister of Indian and Northern Affairs who is essentially responsible, in a legal sense, for 140,000 aboriginal children in this country who really are without any of the protections that other Canadian children have in terms of a system of education. Frankly, the system doesn't really exist.

I think we need to move forward with aboriginal leaders to create systems that are sustainable, that are supported in the communities, that have some of the benefits of an educational authority and some of the centralized services. I think this is one of the most important responsibilities we have as Canadians.

[*Translation*]

**Mr. Marc Lemay:** With all due respect, Minister, we are of two different minds. Your department has had two years to do exactly what you've just said you will do.

The Auditor General made a clear recommendation in her 2004 report and your department responded that it would develop a policy in 2006 and release it no later than June of 2006.

I'll move on to another question, since I only have seven minutes. I've put the question to departmental officials and now, I'm putting it to you, the Minister. In her 2006 report, the Auditor General made the following observation in paragraph 5.36: "the scale of the problem has not been identified, priorities for action have not been established".

I'd now like to address the problem of mould in buildings on reserves. With all due respect, Minister, I don't think we should be building new housing until we've dealt with the mould problem plaguing many of the structures.

Not that there isn't a need for more housing, as the shortage is acute and the need great. However, what about the mould problem that goes unchecked while three parties, including two departments, namely Health Canada, Indian and Northern Affairs and the Canada Mortgage and Housing Corporation, continue to play the blame game.

Are you going to assume a leadership role? As Minister, are you going to take action to address the mould problem?

If I have time to ask another question, I'd like to speak to you about water on reserves. I understand a policy is in place, but what's happening in the case of Aboriginal communities like Kitcisakik?

• (1555)

[English]

**The Chair:** It would be better to let the minister answer the first one, or you're not going to get an answer to either.

[Translation]

**Mr. Marc Lemay:** Fine, let's talk then about the mould problem.

**Hon. Jim Prentice:** Thank you for asking that very important question. In order to improve the living conditions of Aboriginal people, we need to improve their housing.

[English]

I understand that the housing issue is one of the most important issues. We've taken immediate steps. I would point out that there's \$300 million contained in the budget specifically targeted for northern housing—\$200 million for Nunavut, \$50 million for the Northwest Territories, and another \$50 million for the Yukon. That will be spent essentially on aboriginal housing in the north.

I was impressed with what I heard from aboriginal leaders, particularly Inuit leaders, when I first became the minister, about the gravity of the situation in the north, and we moved immediately to deal with that in this budget.

In addition, I've been struck by what I've heard from aboriginal leaders with respect to the shortage of off-reserve housing, and there is another \$300 million contained in the budget that relates to off-reserve housing that has been paid by way of the provinces.

I would point out that, for example, to go back to the comments about Kelowna, Kelowna called for a total of \$300 million to deal with the northern housing issues over five years. In this case this government has dealt with it in a single budget, basically payable over two fiscal cycles. We're clearly committed to move forward on these issues.

With respect to on-reserve housing, I have discussed that matter with National Chief Phil Fontaine. We've identified it as one of the areas that we're going to work together on. There need to be some institutional changes considered. They need to be done in consultation with the first nation leadership to make sure we have institutions in place that are able to improve the quality of housing and to deal with some of the issues that you've spoken about. Previous governments have not done that.

At the time of this budget, there was not a first nation housing authority in place that was available to flow money through and that would have let us move forward on on-reserve housing. I've committed to National Chief Fontaine to work together with him on that.

[Translation]

**Mr. Marc Lemay:** And what about water?

[English]

**The Chair:** We'll move one to Madam Crowder, please.

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

I would like to thank the minister for coming today. I do appreciate some of the words that you've brought, which do give hope.

Certainly, in some of my meetings with aboriginal leadership, one of the things they've asked all of us collectively to do is to work together to address the very serious problems that are facing aboriginal communities, and they would like to see us be non-partisan. I'll attempt to be somewhat non-partisan here.

I want to reference the Auditor General's report. I do understand that it is a damning indictment of previous governments' track records, and so I would welcome a more positive response. I would look specifically around the issue that the Auditor General identified in terms of the funding gap.

Coming back to Kelowna for one second, that was an 18-month agreement, and although it may not have been signed, there was a certain amount of honour around people gathering to discuss things and coming up even with a verbal agreement. Although the details and the signatures may not have been there, I think there was a broad understanding with aboriginal organizations and many of the premiers that this was actually an intention, an honour, of the Crown to move forward.

So coming back to the Auditor General's report, she talks about the funding gap, that the funding has basically been around 1.6% and that there's 11.2% population growth. Many people believe that since 1996 there has been a 2% funding cap through INAC. Although the money that's in this budget over this next two years is welcomed in terms of closing that poverty gap, I think many people feel it's insufficient. I would like you to address that broader funding gap and where you see being able to address some of that.

• (1600)

**Hon. Jim Prentice:** That's a fair question.

For the benefit of the chair and the committee, I would point out that I've had really excellent discussions with Ms. Crowder about these issues. I know she's sincere when she says that it's important to deal with these in a non-partisan way.

The situation we face in this country with respect to aboriginal poverty is one of the most pressing issues we have as a nation. In part, in appearing here today, I wish to challenge the committee. I would like you to be part of the process of moving forward on these issues, and I'd like the committee to be engaged in a constructive way on some of the issues we're going to talk about.

The point Ms. Crowder makes is that over the past number of years, when one considers inflation and population growth, the per capita funding has started to lag behind in terms of our investment in aboriginal communities. That is something I'm mindful of and that I'm working on.

I would say this, though. It's not simply a question of money. At this point in time, the Government of Canada is spending, at last count, \$9.35 billion on aboriginal programs and services, which is fractured over 360 different individual government programs. It's not simply about money. I think we need to have the courage, collectively as parliamentarians, to look at what isn't working and make the institutional changes, working together in consultation with first nations leaders. But we need to have the courage to actually move forward. Simply putting more money into things that aren't working isn't providing benefits to aboriginal Canadians or non-aboriginal Canadians.

I'm heartened by what I hear from the first nations leadership. National Chief Fontaine, I think, agrees that we need a government that has the courage to work together with aboriginal Canadians to make the fundamental changes. I hope you'll be part of that.

**Ms. Jean Crowder:** How much time do I have left, Mr. Chair?

**The Chair:** You have three minutes.

**Ms. Jean Crowder:** Oh, good.

In terms of the funding—and I know it depends on whose numbers you have—there is a feeling that first nations on reserve often do not receive the per capita funding directly for programs and services in the communities and that other Canadians are receiving the benefit of services at the municipal and the provincial levels that first nations on reserve do not receive.

Although a significant amount of money goes into on reserve communities, there still is a funding gap. Indigenous children in care is a really good example of where I would argue that we are probably contravening some of our international conventions on human rights in terms of the significant funding gap. And I understand that an additional \$25 million...but the service providers feel there's a \$109 million gap.

In good conscience, how do we continue to have people living in this country in desperate poverty? We're talking third world conditions in Canada. I think we have to move beyond language and into meaningful action that is driven by aboriginal communities. That's more of a rhetorical comment.

Just quickly, I appreciate your rapid attention to water; you're talking about reliable, safe drinking water. There are many communities in Canada that do not even have access to running water, never mind reliable, safe drinking water. Their water is trucked in. They tell stories about elders having to go out in the middle of the winter and break the ice to get access to additional water.

What's the plan to deal with this much broader issue?

**Hon. Jim Prentice:** To be clear, we are making progress. There are 755 individual first nation water systems across Canada. As I've identified, there are about 200 of those where Canadian aboriginal citizens are living at risk—either at high risk or the community is at risk. We're moving to deal with that. There's been significant money invested; there's significant money inside the fiscal framework right now as we move forward. But clearly there is an infrastructure deficit that needs to be dealt with.

I would like to come back to an earlier point that you made. There are hundreds, indeed thousands, of first nation communities across the country, and the solution will never be that each one of those communities receives all of the funding that is necessary from government. Part of the challenge we face as a country is that in those communities we need to have an economy and economic activity. There needs to be a tax base within those communities for the aboriginal governments themselves; aboriginal governments have to have the capacity to issue a municipal bond to lay in municipal infrastructure. It wasn't until last year that there was a legal mechanism by which a first nation government could actually go and create a local tax base, issue a bond, and construct infrastructure. It was legally impossible before that, because we are operating under an Indian Act that's a compilation of pre-Confederation laws. It's a preposterous situation that we've inherited.

So we need to move forward to make sure that first nation governments have the same kinds of opportunities as other Canadians have. Government will never be able to do it all satisfactorily; we have to provide people with the mechanisms to be able to move forward on their own as well.

• (1605)

**The Chair:** From the government side, please.

**Mr. Rod Bruinooge (Winnipeg South, CPC):** Mr. Chair, thank you very much.

I would like to thank the minister, of course, for appearing today before the committee. I would like you to highlight some of the travel you've done throughout the north. As a northerner and an aboriginal Canadian originally from the north, I would like you to explain some of the initiatives you took in the north, and some of the plans you have in terms of spending and other budgetary items for the north.

**Hon. Jim Prentice:** Well, I think the commitment to the north is very clear. I know that all three premiers have spoken in very positive terms about their working relationships with the new government. During the last parliamentary break, I travelled across the north for five days and met with all of the premiers and most of the regional aboriginal leaders across the north.

I think it's very exciting. I think what we've accomplished as a nation north of 60 needs to be celebrated. In Nunavut we have a public government that's functioning and doing great things. We have some educational issues that were highlighted in the Berger report that we need to deal with.

When you move over to the Northwest Territories, with the exception of the Deh Cho, the major claims of first nations have been dealt with. There are some Métis claims that we have to deal with as well, but by and large, up the Mackenzie Valley a number of claims have been settled over the course of the last generation, and we're carrying on with the completion of that work.

With the Deh Cho claim, the government has put forward \$500 million for the socio-economic fund in order to facilitate the construction of the Mackenzie Valley pipeline. We're on top of that issue.



Of course, we've travelled to the Yukon and met with the premier there and with the Council of Yukon Indians. In fact I'm meeting with them again later today to make sure there's adequate funding for the self-government agreements that we have in place in the Yukon.

So when you look north of 60, we've accomplished great things as a nation, and I think it's important that we be optimistic about where we're headed in this country. I believe that in the days ahead we're going to see some remarkable progress. I believe we're going to see the Northwest Territories, in particular, emerge as one of the driving engines of the Canadian economy. We're already the world's second or third largest producer of diamonds. The oil and the gas potential up the Mackenzie Valley is enormous, right up to Beaufort Sea, and aboriginal Canadians are at the centre of all that. The Mackenzie Valley pipeline will be owned, in large measure, by first nations and Inuit people. I expect the same will happen in other northern projects.

So we're very supportive of all of that and we're focused on making sure it comes to reality. We have some challenges in this country, but let's not lose sight of some of the great opportunities we have.

• (1610)

**Mr. Rod Bruinooge:** In your speech you referenced that money alone cannot solve the problems. Is that similar to what you're seeing in the north in terms of the northern governments moving forward in great strides, and do you see that same model needing to be moved forward in other parts of Canada?

**Hon. Jim Prentice:** I believe so. I think north of 60 there's a different historical context and a different legislative context.

In the context of Nunavut, we have a public government structure that I think is working very well. And that's the same, frankly, in the Yukon, coupled with aboriginal self-government agreements.

In the Northwest Territories, we have very strong aboriginal self-governments. We haven't yet completed the process in the Northwest Territories of knitting together the public Northwest Territories government and the five aboriginal governments. I think it will be a challenge over the next five to seven years to make that happen and to carry through with the progress on devolution.

South of 60, in terms of on-reserve communities, we face a different historical challenge. I think we could all agree as parliamentarians that we face communities that are governed under the Indian Act, which was developed before Confederation. Frankly, we shouldn't be surprised as Canadians with some of the difficulties that aboriginal people are experiencing with development on reserve, when you consider that the governmental structure that applies was developed in the 1850s. We need, as parliamentarians and as a government, to sit down with first nation leaders and find resolution to some of those challenges.

**The Chair:** Thank you.

We're going to move to the Liberal side, to Madam Keeper, for five minutes, please.

**Ms. Tina Keeper (Churchill, Lib.):** Thank you.

I'd like to thank Minister Prentice for sharing with us here today. It is indeed an honour for me to be here.

I would like to raise an issue that has been raised a couple of times already—and of course, that is the housing issue. You're well aware that this is probably one of the number one issues facing first nations.

I represent a riding in Manitoba that has 33 first nations. Certainly the issue of housing, and in particular on-reserve social housing, was a source of disappointment in terms of the budget.

The issue of mould, as well, as has been mentioned, is obviously a contributing factor to health issues.

I know you're aware that we are indeed facing a crisis of a magnitude we have never seen before, in this epidemic of tuberculosis in one of my communities, which is situated right near three other communities. I know this is a Health Canada issue, but I'd like to bring it back to the issue of housing, in that we haven't been able to access appropriate meetings with the government. I know Chief Harper will be here this week, and he's meeting with some government officials here in Ottawa. But in terms of the water issue in that community, they truck in water as well.

In terms of the housing issue, you talk about intolerable conditions on first nations. I know you work closely with the AFN national chief about developing institutions to improve the quality of housing, but in the meantime, in the interim, we're in a crisis in many places.

So I would like to ask the minister about the position the government is taking, and how do we work cooperatively to respond to these kinds of urgent situations?

**Hon. Jim Prentice:** I'm happy to accept responsibility, where I'm responsible, but I think it is important to highlight to some extent the situation that the new government has inherited.

There is the significant mould problem that you're referring to. Secondly, there is the shortage of social housing on reserve. I can't quantify the number of units, but according to aboriginal leaders, it's very significant. Thirdly, they're once again pointing out that it's not only a question of money; it's a question of changing the way the government gets results.

There is no mechanism in place to flow money through to a first nations housing authority to create market-driven housing opportunities. This is not simply my idea. These are fundamental changes that were discussed at the meeting of first ministers, changes, frankly, on which there was no consensus at the time, and there was no consensus amongst aboriginal leadership at the time.

I've said to the national chief that we have to make sure we undertake institutional reforms and institutional changes so that we can move forward. It makes no sense that a first nations Canadian cannot own a home on reserve and be able to mortgage it in the same way as any other Canadian can. The consequences of that are clear. I don't know anyone who is a successful businessperson, man, or woman in this country who didn't start by mortgaging his or her own home to move forward with business. Aboriginal Canadians, first nations Canadians, don't have that option.

To me, it's not wise social policy. We have to figure out how to make institutional changes so that it's an option available to people. I've been around enough and I've seen enough first nations communities to know that privately owned housing stock is not the answer in all communities. There's a significant need for social housing, but surely it has to be part of the overall equation.

We need something more than the Canada Mortgage and Housing Corporation providing funding in the way it currently does. We need a housing authority based on first nations, and we're committed to move forward to put that in place. Once it's in place, we're committed to move forward to fund it.

•(1615)

**Ms. Tina Keeper:** But my question was, how do we work cooperatively together to address these urgent issues in the interim? This community hasn't had any new housing since 1979.

**The Chair:** I'm sorry.

**Ms. Tina Keeper:** Pardon me. Am I out of time?

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

Thank you, Minister Prentice, for being here today. It's a privilege to have you here and to hear your expertise on this file.

One of the things we keep hearing about is the Kelowna accord, and all of the things that were promised in that so-called accord, which I hear was apparently never signed.

My question is this. How can you help us to compare the kinds of budgetary expenses that have been going on, in addressing aboriginal poverty and ongoing needs, and to compare past budgets with the budget that we've just passed, in terms of some of the investments you've made?

**Hon. Jim Prentice:** To again come back to Kelowna, and I'd like to be clear about this, I was there. There was no consensus on where the moneys that were put forward at that time by the Prime Minister would come from. I think it's important to be clear with Canadians on this: none of those dollars were ever budgeted; none of them were ever contained in a budget of the previous government; none of them were ever approved by the House of Commons. They were tabled on a single piece of paper, three days before the last election was called, and totalled \$5.1 billion.

I've been around a lot. I have been to a third to a half of the Indian reservations in this country. I think the problems we have in this country are going to require a little more thought and a little more planning.

Kelowna represented the start of a process. There were accomplishments. There were targets and objectives set and arrived at in consultation with aboriginal leaders. I've said that I am supportive of those. But the actual plan to move forward to deal with these real issues is going to take time, and it's going to take all of the members of the House of Commons working in a non-partisan way to do that.

In response to the question, I would also point out that a five-year plan was discussed at the meeting of first ministers. This government has tabled a two-year budget. Right off the bat, it is difficult to make comparisons. If you look at the two-year budget, it contains more

dollars in those two years than any previous government in this country has ever put forward, including new initiatives to deal with the issues that were discussed at the meeting of first ministers.

•(1620)

**Mr. Harold Albrecht:** I would like to follow up on the question regarding housing. Minister Prentice, you do mention on page 5 that it's one of your priorities, and then again on page 8 you refer a few times to the housing production, first of all, tripling this year, and then the impressive first nations' successes in attracting market investment.

Would you elaborate a bit on that? You said it's difficult to implement it. I understand we can't do it all at once. What initiatives have been taken? Are they successful? Can these be reproduced across other aboriginal communities?

**Hon. Jim Prentice:** In the last Parliament there was legislation brought forward that was initiated, in the main, by first nations. It was first nation driven in response to some of the comments I've heard here relating to the first nation statistical and management legislation—the statistical package, the management package, the property-rights-related legislation.

For the first time over the course of the last 18 months, aboriginal Canadians—first nation Canadians, to be clear—have had the ability to create a property regime on reserve where they can create private property rights and can create owned market housing. That's a step forward, and this emerged from a series of very far-thinking and courageous aboriginal communities in this country, communities such as Westbank, in particular, and several other communities as well.

What we've done as a new government is carry through with the process of getting in place the institutions, the first-nation-driven institutions, so that aboriginal Canadians can move forward. We'll continue to encourage pilot projects and to encourage people really to work with us to get beyond the Indian Act into a system where there's the opportunity of private property rights. Frankly, there are reserves such as Westbank that have very significant revenue streams coming from owned housing, including owned housing that is leased to non-aboriginal Canadians. Those are the communities that I think are moving forward and are achieving social progress, because they have independent revenue sources.

**The Chair:** Thank you.

Could we move on the Bloc, please.

Mr. Lévesque.

[*Translation*]

**Mr. Yvon Lévesque (Abitibi—Baie-James—Nunavik—Eeyou, BQ):** Good day, Minister. I'm delighted to see you today.

Your statement of principle on page 4 of your submission is very laudable. You mention programs and services that meet 21st century standards. Unfortunately, you do not give any kind of timetable for implementing these programs.

Water is a problem in our communities. One town has no water, no electricity, no sewers and no name. We refer to it as Kitcisakik. Perhaps the government and the department would do well to work together to provide this community with the tools to solve its problems. Water is important to everyone.

You mentioned that you have three daughters. I don't doubt that your wife sees them regularly, if not daily. You're happy if you see them once a week. Residents of this community must send their children weekly to live with host families so that they can attend school. Residents should have their own community, their own school and all of the services this entails.

No doubt you will recall that in Nunavik, global warming has caused certain landfill sites to deteriorate and to leach contaminants into the water, notably into rivers from which the community draws its drinking water. It's important that this problem be resolved very quickly. There has been talk of negotiations with the Americans to have them recover old army material buried in landfill sites located near waterways.

There are still many water-related problems that need to be addressed, primarily in the community of Kitcisakik located in northern Quebec.

• (1625)

**Hon. Jim Prentice:** We have met to discuss this matter. I do hope that we will be able to work together to resolve the problem.

[English]

I would hope to visit the communities that you speak of. We've talked about that. Once again I've been impressed to think we can work together in a non-partisan way. I know there are significant infrastructure needs in the communities you speak of. I understand that in your particular riding there are a large number of first nation communities. There are first nation communities that are in need of significant investment.

[Translation]

I discussed the matter with Ghislain Picard. We plan to continue our discussions and to work together. I'm going to suggest to him that he pay a visit to your riding.

[English]

So I hope we can work together and that we can deal with some of these issues.

[Translation]

**Mr. Yvon Lévesque:** Much is said about Nunavut, the Northwest Territories and the Yukon, but very little about Nunavik. Yet, this region is experiencing more or less the same problems as Nunavut. Serious problems with water and septic sludge deposits are plaguing this part of Quebec. Last week, I saw one area near the river and a dump where septic sludge was being dumped into catchment basins. The sludge cannot be completely contained and leaches into the sand and ultimately into the river, the very same river from which towns draw their drinking water.

I've asked the government to address this situation that also plagues coastal communities. The basins overflow and the runoff pollutes the bay. These problems urgently need to be resolved.

**Hon. Jim Prentice:** You're right, but the situation in Nunavik is a little different, given that it's a region of Quebec, not a separate territory. I've spoken to Mr. Kelley, a Quebec minister, and I've met several times with Senator Charlie Watt, who is an eloquent spokesperson for the people of Nunavik.

[English]

Once again, I hope to visit Nunavik this summer to see some of what you speak of first-hand. We need to work together to make sure that some of the housing investment that is flowed through to the province of Quebec makes its way through to Nunavik. Charlie, Senator Watt, has been very outspoken about that. Once again, there are significant infrastructure deficits that this government inherits that we're going to have to move forward on.

**The Chair:** Thank you.

Mr. Blaney.

[Translation]

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

Thank you for joining us today, Minister. This is the second time that I've participated in the work of this committee and I'm truly proud to be here with you today.

You have spelled out very clearly what you hope to accomplish for Aboriginal people. You've talked about improving their living conditions, targeted priority areas for economic growth and underscored the importance of creating new economic development opportunities to help them achieve the same standard of living of other Canadians.

You seem to have a great deal of empathy. That's important and nice to see. I like the way you view the world. Having worked at Indian and Northern Affairs for four years, I can also say that your team of officials is committed to the advancement of the Aboriginal cause. Therefore, I look forward to seeing some very positive results.

Much has been said, Minister, about the Kelowna accord. It has been said that the accord has had a structuring effect on communities. Given budgetary considerations, what initiatives can we expect to see that are likely to improve the standard of living of Aboriginal people?

• (1630)

**Hon. Jim Prentice:** From what I understand, you're new to this committee, Mr. Blaney. How long did you work for Indian and Northern Affairs?

**Mr. Steven Blaney:** I worked at Indian and Northern Affairs for about four years as a technical advisor. I worked with Ms. Davies on the First Nations Water Management Strategy. We addressed certain critical housing issues, specifically with experienced officials like Mike Samborski. They helped me a great deal to get a better grasp of Aboriginal issues, including housing. I know that some departmental officials are very committed to this issue.

**Hon. Jim Prentice:** My staff has told me that you were a highly respected employee.

Thank you.

[English]

In terms of moving forward on the issues that we've talked about arising from the budget, it's important that we do so in consultation with first nations and with the first nations leadership. I think we've built really strong working relationships so far. We have a good working relationship with the AFN, to be clear, and I think at the first ministers meeting this week in Manitoba, all the aboriginal leaders said that, that they were looking forward to working with the new government. We have a good working relationship with ITK and with CAP, and we're taking real steps, with the assistance of the parliamentary secretary, with the national Métis association. I would also add that I think we have a very strong working relationship with the Native Women's Association.

In response to your question, the way forward is to work together with first nations to define some of the priority items. As you spoke about, the clear way forward is to define some of the changes that need to take place, and once some of those changes have been made, once some of those institutional reforms have been put in place, to then make sure that we're adequately funding the task at hand.

But I think one thing that is different about this government that departs from previous governments is that we wish to make the changes that need to be made, together with first nations and aboriginal Canadians, Inuit Canadians, so that we can make the kinds of institutional amendments upon which we can base success, upon which we can ensure there's accountability, there are measurable results, and there are acceptable outcomes. Continuing to have systems that don't work, and continuing to fund them at higher and higher levels, isn't really improving the lives of aboriginal Canadians, and fundamentally, that's what we're trying to achieve.

**The Chair:** Thank you.

Madam Crowder.

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

I noticed in your speaking notes, Mr. Minister, that you reference self-government agreements and specific claims and treaties, but only referenced it. There was no mention of a plan forward. So I just want to reference some material that came before the committee on May 15 on specific land claims.

The department official indicated that 250 claims are not being worked on because the federal government lacks the capacity at this point. She went on to say there's a re-engineering process.

I had somebody do a quick analysis on what was available on the department's website. I won't go through it because I have only a couple of minutes, but the bottom line is that, based on an average of 70 new claims being received in a given year and the number of claims that are currently in the system, it will take 48 years to process the claims that are in the system. During this period, an additional 3,419 new claims will be filed. Average time to settle will be 24 years.

In your earlier comments, you talked about the importance of creating a climate for communities to be able to move forward. I would argue that without specific claims, comprehensive claims, self-government, and treaty settlement, that won't happen. So in

regard to specific claims in particular, could you say more about what the department's plan is to address this very serious backlog?

**Hon. Jim Prentice:** I agree with you that there is a very serious backlog. Again, to be clear, I've been very involved in specific claims in the past. I've had a personal involvement in probably as many as a hundred claims, and I've chaired public inquiries into probably 50 or 60 claims.

There's currently a backlog in the Government of Canada of over 735 specific claims in the system. This is a situation that has really emerged over the last 10 or 15 years. Fifteen years ago, there would have been 200 to 300 claims backlogged in the system. Over the course of the last 10 years, that has swollen to 735 claims.

It is an issue that I have turned my attention to, that I've met with our officials about, and we are working on it. I'm not in a position today to tell you exactly what we're going to do about it, but the situation is not acceptable and we're going to have to move forward.

It's going to take leadership. It's going to take the work of this committee. I know the Senate committee is interested in this issue as well. But again, the situation I inherit is that it takes the Government of Canada in excess of five years, sometimes up to seven years, to obtain a legal opinion to respond to a claim that's filed by a first nation. I think your suggestion that it takes 24 years to resolve a specific claim right now in the system, frankly, is optimistic. It's taking at least that long, and longer in many cases. That's not a situation we can continue with.

● (1635)

**Ms. Jean Crowder:** We can expect to hear back from your department, then, on a specific plan around that.

**Hon. Jim Prentice:** Yes.

**Ms. Jean Crowder:** I want to flip over to treaties for a second. As you are well aware, I come from British Columbia, where the treaty process is long. This is a suppositional question, but say, for example, the Province of British Columbia were prepared to alter its current position on own-source revenue and fisheries. Would the federal government be prepared to also move forward? My understanding from talking to people is that really this is about political will, and that if we could get both levels of government to come together on those two particular issues, we might see some treaties actually move forward fairly quickly in British Columbia.

**Hon. Jim Prentice:** That's a fair question. I can see you're well briefed on these issues.

There are 47 treaty tables at work in British Columbia, and as I recall there are five or six that are nearing one of the early stages of agreement in principle.

Own-source revenue is an issue in particular for the federal Crown that needs to be addressed. It's not solely an issue I have control over, but it is an issue that the government will address.

The subject of fisheries is also a very difficult subject in B.C. I'm sure you know as much about that as I do. We need to work together. We need first nations and non-aboriginal Canadians, sports fishermen and commercial fishermen, to work together first to conserve the resource and make sure the fishery resource is strong and that there is a focus on conservation. Beyond that, we need to have significant discussions about how we're going to share that resource. I would say we're at a very early stage in those discussions as a nation.

**The Chair:** Thank you.

It's the government's turn, and as the chair I'm going to take the privilege of asking a question.

Mr. Minister, one of the things the Auditor General discussed in her report was red tape within the department. I know there are some challenges with the Indian Act, and it's a challenge with the first nations, as you mentioned, to develop their own properties. In simple things like land conveyance.... In my former life as mayor we turned over a road right-of-way to the first nations in our community who had reserve lands, and for just a simple land conveyance they were talking about two years. That's not acceptable for a department, and it's very frustrating for the first nations people when they want to move forward.

Actually, this particular piece of property is the first development of Wal-Mart on first nations land, and they still haven't got under way because of the department.

I want to know whether you have any comments about any administrative infrastructure in your department that you're looking at trying to streamline in order to deal with aboriginal issues in a more timely fashion.

**Hon. Jim Prentice:** The new government has spoken about accountability, and of course the new proposed Accountability Act will apply to first nations—other than first nations that are self-governing, and they're scheduled in the legislation.

What I've heard generally is a willingness on the part of first nations to function within that system, but I've also heard them say loud and clear that my department needs to be accountable as well; that accountability is a two-way street; and that if they as first nation governments are going to be held to account, they would expect the Department of Indian and Northern Affairs to similarly be responsible and would expect to see progress.

They ask why it is necessary for a first nation to file approximately 150 reports on an annual basis. Most of the first nations in this country are reasonably small communities, and I think they fairly ask the question why they need one or two full-time people filling out forms that are submitted to the department.

The regime we'd like to move towards is one that has streamlined accountabilities, and in particular where we take advantage of another innovation that's developed over the course of the last 18 months, which is the organization that has been put forward by Harold Calla and was once again sponsored by legislation last year in the House. It allows for first nations registered financial officers. These would be certified financial officers who are properly trained and who would work at first nations. The first nations would achieve

a degree of certification; they would have such a financial officer working.

In that circumstance, I don't see why we need 150 reports filed on an annual basis. Maybe we need 20. Maybe it's 30; maybe it's 12. I don't know. We need to have that discussion. But if we have suitable financial and accounting officers in place, and clear accountabilities, we can presumably eliminate some of the paperwork, and I hope the department can do so as well.

• (1640)

**The Chair:** Thank you.

Madam Karetak-Lindell, please.

**Ms. Nancy Karetak-Lindell (Nunavut, Lib.):** Thank you, Mr. Chair, and thank you to the Minister.

This is my first opportunity to have a conversation with you, because I haven't been able to get a meeting with you. I envy some of the other members who have been able to access your office.

You talk a lot about what you have inherited as far as the status of the country, but I think you need to acknowledge that you also inherited, as a government, the best fiscal situation a new government has ever come into.

I wasn't with the group in 1993, but I know they came into government with the country almost bankrupt. Nonetheless the Department of Indian Affairs was the only department that did not undergo cuts and it was actually the only department that had an increase in budget when we were cutting programs everywhere else in the country. I think that speaks for the determination of trying to improve the lives of aboriginal Canadians.

I know we're not one of the five priorities of your Prime Minister, but in light of the issues we are faced with as aboriginal Canadians, I think it has to be one of the priorities of your government, because the reputation of Canada is in balance by the great world status that we have. Once we put in the aboriginal people's conditions, that standing in the world goes down very low. And I think we all agree with that.

You keep talking about the non-partisan work we need to do. Encouraged as I am by those words, the actions speak otherwise. Kelowna is one example where we're questioning whether the government's refusal to go with that is on who made the deal—which government. I'm hearing from people who.... You just mentioned legislation passed before the election but they're having great difficulty in getting the legislation implemented right now.

I come from an area where natural resources could really be the way that we improve the lives of Inuit people and northerners. Northern development is back within your whole Indian Affairs department. We're having difficulty trying to find that it is a priority.

There is a lot of development going on. You mentioned the pipeline. There are possible mines to be opened and yet it's all been put back under one department instead of Northern Development being focused on northern development. So those are probably more—

• (1645)

**The Chair:** Could you summarize your questions so the minister would have an opportunity to answer your questions, please?

**Ms. Nancy Karetak-Lindell:** Can I get my 30 seconds back, because you just interrupted?

Having said all that, I'm confused as to what you're saying and what the real actions are from your department.

**Hon. Jim Prentice:** I think I can clarify that confusion. I have an enormous amount of respect for you as a member of Parliament and it's my hope that we can work together. Now, I won't get into an argument here, but you've asked me to be fair, and I would ask you to be fair.

The budget this government has put forward has, on the face of it, \$800 million being invested north of 60. That's never been the case in a previous budget. It has \$300 million going into northern housing. I don't think it's fair to challenge this government on its commitment under the first ministers meeting, which called for \$300 million over five years. We've done it in 45 days, in terms of a budgetary commitment of committed money that will be spent. So clearly, in terms of the area you represent, Nunavut, we have been very fair. The Premier of Nunavut has been very outspoken in supporting the budget and in saying it is good for northerners, as has the Premier of the Northwest Territories.

There's \$2.2 billion for the residential school agreement put forward by this government in this budget. I think that's very fair.

What I'm in part asking of you today is that we work together in a non-partisan way to try to deal with some of these issues, because I think there's goodwill amongst everybody at the table. We may not all have the same philosophical beliefs in terms of what needs to be done, but I'd certainly like to think we all agree that carrying forward in this country with a 150-year-old piece of legislation, namely the Indian Act, as the primary vehicle to govern social services, education, property rights, and matrimonial property rights for 600,000 people in this country is not acceptable. It's going to take the work—

**Ms. Nancy Karetak-Lindell:** No one disagrees with that.

**Hon. Jim Prentice:** Well, no one disagrees with that, but what I'm saying is that you have a government that is prepared to act on that, and we are looking for parliamentarians with whom we can work, so that we can get beyond partisanship.

Let's talk about matrimonial property. That's been studied previously by the Senate. It has been studied previously by this committee. It has been studied previously by the House of Commons. I ask the question, why do first nations women in Canada not have matrimonial property rights? I am prepared to do something about it. I am prepared to work with the Native Women's Association, the AFN, and everyone else to do something about it. I ask you, are you prepared to work with us to do something about it?

**The Chair:** Mr. Bruinooge.

**Mr. Rod Bruinooge:** Thank you, Mr. Chair.

Despite the urge to continue with the partisanship, I am going to try to go into an area I'd like you to illuminate a little. The residential school settlement, for the most part, was negotiated by a different

department, but you took some real leadership on that. Maybe you could highlight some of the elements of that discussion as it took on a life of its own. Perhaps you could talk about the process on which the two departments worked together to make that deal happen, and where it is now and how it's unfolding.

**Hon. Jim Prentice:** Of course, the \$2.2 billion necessary for the residential school agreement was contained in the budget. Although I was not initially responsible for the residential school file—it actually fell within Canadian Heritage—it's something that in discussions with the Minister of Heritage and the Prime Minister, I became involved in. I worked extensively with Mr. Justice Iacobucci, who deserves enormous respect in this country for the role he fulfilled as the federal government's representative. There were some significant issues that emerged in the closing days relating to that agreement. It was necessary for us to intercede and to spearhead some changes to the agreements. In particular, it was necessary to make sure there were changes relative to legal fees and protecting claimants, in terms of legal fees that would be authorized and paid, and making sure there was a court approval process so that any fees paid to lawyers were carefully scrutinized by the courts. That was one of the changes we insisted on and that we made to the agreement.

In addition, of course, there has been the whole question of interim payments to the elderly. This did not form part of the agreement initially. We became convinced that the request was reasonable and that some of the residential school survivors were passing away. With the signatory of the agreement by all of the parties, the agreement is largely in place. We still have to finish the court approval process, but we felt confident that we should make \$8,000 payments to elderly people who are over the age of 65. That has been put in place, and the first cheques, I am pleased to say, have actually been sent to residential school survivors as of this week under that system.

We made great progress. We all hope it achieves the reconciliation that we've talked about.

• (1650)

**The Chair:** You have a minute and a half.

**Mr. Rod Bruinooge:** There's another topic I'd love you to delve into more. I'm not sure you can get into it completely in a minute and a half, but it goes back again to your point about how money is not always the answer. System change, system improvement, and system efficiency are also ways of helping to facilitate improvement in first nations, Inuit, and Métis communities. I know this is an area you're interested in.

Perhaps there isn't enough time to talk about it, but I'll give you a few moments. I am talking about improving the efficiency of delivering programs as a different philosophical approach.

**Hon. Jim Prentice:** In terms of accountability and efficiency and delivering services, I think that's critical.

One of the really interesting areas on which we've had discussions, frankly, with one of the provinces relates to how the child welfare system functions. There's been criticism of that system and the way in which it currently operates. What we've seen in discussions with the provinces is that there are provinces that are prepared to move forward on pilot projects to make sure the service is delivered, not only more efficiently but in a manner that is more reflective of modern thinking in terms of the child welfare system. There's been criticism that the system that applies to first nation and Inuit citizens is antiquated and that we need to work together in partnership with first nations and provincial governments to experiment with pilot projects that have more flexibility and that we believe will better serve the interests of children.

What that speaks to, Mr. Bruinooge, is a willingness to try to work together with first nations, the federal government, and provincial governments, in particular, to try to redesign how services are being delivered to make sure they're more cost-effective and to make sure they're better servicing the needs of aboriginal Canadians.

I think what you're going to see over the course of the next 18 months is some significant strides forward with new ways to deliver services. It will be done in partnership with provinces and in partnership with first nations. I've had extensive discussions with many of the premiers about this. There is a willingness to move forward. There's a willingness to work together with the federal government, whether it's in child services—education, in particular—to try to deal with some of these issues. I'm very hopeful that we're going to make significant progress.

•(1655)

**The Chair:** Thank you.

Mr. Lemay.

[*Translation*]

**Mr. Marc Lemay:** I'll start by focussing on several issues. First, you're right about the following: the cheques are already being distributed. I've received calls from my riding of Abitibi-Témiscamingue, where the Indian hostel of Saint-Marc-de-Figuery is located. It's reassuring to know that some people have already received their cheques.

Minister, whenever I hear the expression "pilot project", what little hair I have left stands on end. We need to be clear about this issue. If indeed we're dealing with a pilot project, it's important that we sign some kind of agreement clearly defining the time frame for the pilot project. We've seen where pilot-projects are extended numerous times, where old leaders are replaced by new ones and where suddenly, people are told that it was only a pilot project and that the initiative has in fact been terminated.

Moreover, I'd like to know if the Government of Canada and the Assembly of First Nations have agreed to letting a three-member panel of experts hold cross-country hearings on the water question. In conjunction with these hearings, will any funding be awarded to communities to ensure that their water and sewer systems are at the very least operational?

I'd also like some additional details about the Mackenzie Valley pipeline and its impact on the North. What agreement was reached

between Inuit communities, First Nations and project officials? Perhaps we could look to this agreement for some possible solutions.

**Hon. Jim Prentice:** Thank you and congratulations on your efforts involving the hostel claims systems. We are making progress in this area. Judging from what you said, you're more interested in results than you are in pilot- projects. Results are indeed very important.

[*English*]

I think first nations have experienced many situations where pilot projects have been initiated and then have petered out, or have been successful and have then not been continued.

When I talk about pilot projects, I'm talking about something that is a little different. I'm speaking of pilot projects that involve the federal government and the provincial government in circumstances where the province is willing, together with first nations who are prepared to work together with the two levels of government.

I think we all know that sometimes there are jurisdictional difficulties, but I'm aware of circumstances right now in Canada where provincial governments, including the Government of Quebec, are prepared to work in concert with the federal government to make sure services are being delivered to first nation Canadians that are of the same quality as other provincial citizens are receiving. We're talking about pilot projects where we will move forward with those who are willing to make progress on education, social services, housing, and the like.

I agree we have to be careful that pilot projects then translate into reality.

With respect to your question about the panel that has been announced today, part of what we did early on with water was announce national standards. The problem is how you make those national standards enforceable, because there's no federal legislation.

It comes back to what I've said about the need for reform. First nation citizens in this country are the only Canadians living without water standards. They are the only people in this country who lived without water standards, until this government put those standards in place. We've tied those standards to funding, such that if a first nation is going to receive funding for a water system, the water system is going to have to adhere to those standards. We're not interested in funding water systems that don't adhere to national standards.

The next step we're working on together with the AFN is to put those national standards in place by law. The purpose of this panel is to work together with first nations to determine the best way to do that and to bring back to us a recommendation so that these national water standards can be enforceable. That's the work that's going on there.

The third question you raised relates to the Mackenzie Valley pipeline. Great progress is being made there. There are Inuit people—the Inuvialuit—the Gwich'in community, the Sahtu community, and the Deh Cho community, all of whom have territorial lands that the pipeline passes through. All of those first nations are at the table. They're all negotiating access and benefit agreements with the pipeline proponents. They all have the ability to take part as an owner of the pipeline, under a vehicle that's called the Aboriginal Pipeline Group.

The Aboriginal Pipeline Group will own a 33% interest in the Mackenzie Valley pipeline. It's a multi-million dollar investment. This is not a case of first nations receiving minor benefits associated with an industrial project; it will be, frankly, one of the biggest projects ever constructed in Canada, and it will be one-third owned by aboriginal Canadians.

What we're finding as a result is that the Inuvialuit, the Gwich'in, by and large the Sahtu, and certain communities amongst the Deh Cho are very proactive concerning this project. They want to see it happen and they're very supportive. They've worked out their own commercial arrangements with the pipeline proponents, and we expect to see significant progress. It will herald in many ways a new way for businesses to do business with aboriginal communities.

● (1700)

**The Chair:** Mr. Albrecht.

**Mr. Harold Albrecht:** Thank you, Mr. Chairman.

Mr. Prentice, you mentioned in your remarks and certainly highlighted as one of your priorities the educational needs of aboriginal peoples, and the Berger report highlighted a number of those. Could you outline for us what some of your ideas and thoughts are as to how we could improve and move ahead on these? Are you thinking of possibly moving into areas such as school boards that would run their own show in terms of improving their quality and making sure services are delivered to aboriginal people?

**Hon. Jim Prentice:** Well, there are two separate issues here. Let me set aside the Berger report, which relates to the system of education in Nunavut—we can come back to that—but let's talk about education as it relates to first nations.

Again, I put this before the committee as a specific challenge. First nation children in this country are the only kids who don't have the benefit of an education act, the only children in Canada who don't have the legislative protection of a school act that deals with issues such as classroom sizes, curricula, teaching certification requirements, the rights of a child with learning disabilities, the rights of the sort of education that a child with learning disabilities should receive. The only kids in Canada who don't have that protection are registered Indian children. Now, I ask the committee, why is that, and what is this committee going to do about that?

I'm prepared to move on that. I've had discussions with premiers about it. I've had discussions with the Assembly of First Nations. They're prepared to deal with it. A number of the provinces—Quebec included, British Columbia and Alberta—are prepared to move in a proactive way. But it's going to take a government that has the willingness to create an educational framework for registered Indian children, and it's going to take work in the context perhaps of a pilot project, maybe in British Columbia where the premier is

prepared to move forward, to have a first-nation-based education system that has community buy-in, has community support, has the sort of legislative protection that we're talking about.

At the end of the day, nothing is more important in all of this than making sure first nation children get the education they need. I think it needs to be a priority for everyone at this table.

● (1705)

**The Chair:** Thank you.

Madam Crowder.

**Ms. Jean Crowder:** Thank you, Minister.

I have to ask a question about accountability, given the language in your presentation to us today. You talked about the importance of working closely...I'm paraphrasing, but I'm imputing that you meant working closely with aboriginal communities in terms of developing and designing whatever is going to happen.

I heard you say today that Bill C-2 is going to go ahead with accountability for first nations. I know you're aware that the Assembly of First Nations has been working diligently on an accountability package and that the Auditor General herself, in her testimony before the legislative committee on May 9, indicated support for the initiative that the AFN, as well as a number of other officials, has been working on, and she supported an aboriginal, first nations auditor general.

I know you can't confuse reporting with accountability, but certainly the Department of Indian and Northern Affairs did not fare well in the Auditor General's report around streamlining of reporting—the excessive amount of reporting and lack of coordination and lack of review, and all those kinds of things.

So I wonder if you could talk about your comments around Bill C-2 in that context.

**Hon. Jim Prentice:** I think you're expressing some of your own ideas rather than summarizing mine. But fair enough, I'll—

**Ms. Jean Crowder:** I'm leaping to consultation as a method by which we would hope to deliver policy and legislation, because I would expect that people in aboriginal communities have a far greater perception of what's needed than bureaucrats and people in Ottawa.

**Hon. Jim Prentice:** Let's talk about consultation first in a general way. Consultation is a legal, arguably constitutional obligation, but it doesn't eliminate the need for decision-making at the end of the day. Consensus is always desirable. I fully believe in the constitutional obligation to consult. I think most of the work I've done in my career has been based on that principle. But at the end of the day, governments are obligated to make decisions. We will work in consultation with first nation partners and other levels of government, but at the end of the day we're accountable. We'll make decisions and then we'll be accountable to the electorate on whether we've made the correct decisions. I think that's the courage that comes with conviction and it's part of leadership.



In terms of the Federal Accountability Act, I appreciate what the Auditor General has said, and certainly we need to be sure she's properly resourced and that she has not only resources but culturally sensitive people who can deal with first nation audits.

At the end of the day, what we are hearing, though, loud and clear, from Canadians across the country, with really a high degree of support and unanimity on this, frankly, is that to the extent that the Government of Canada is expending public funds on aboriginal programs and services, then the rules that apply in terms of what's been described as "follow the money" need to apply to first nation programs and services just as to any other Government of Canada programs and services.

If the first nation is a constitutionally recognized first nation—and there are, as I recall, 17 that are scheduled in the Federal Accountability Act—then they are in a different legal and constitutional circumstance and the Federal Accountability Act will not apply.

The other first nations receive program dollars from the Government of Canada, and there's no reason why the Auditor General shouldn't be able to comment on that to Canadians, as she comments on any other areas of federal expenditures.

I welcome what the AFN and others have to say about this. Certainly it's something we'll have a look at, but we're not hearing really any disagreement publicly about the need to have an accountability act that applies to all Canadians.

• (1710)

**Ms. Jean Crowder:** I would like to clarify that. My understanding, though, is that aboriginal peoples are not arguing that they should not be accountable. They are simply stating that they should be involved in the process that helps develop it. As we've seen, Indian and Northern Affairs to date has not been capable of putting in mechanisms that are meaningful and relevant.

I think the Auditor General's report of 2002 outlines extensively the reporting challenges.

**The Chair:** Just give that question very briefly; you're out of time.

**Hon. Jim Prentice:** It's not the department who will be conducting the audits.

Let me just say this, because I know you're a fair-minded person. The people who work at the Department of Indian and Northern Affairs are amongst the finest people who work in the Government of Canada. The executive team of this department, I think, is comprised of extraordinary people under Mike Wernick's leadership. It's a really fine group of people.

In terms of operating in the field, this is not an easy department. There are some tough responsibilities here and some very difficult circumstances to be dealt with. These are people who are doing this, who are dedicated. They don't get paid nearly enough for the difficult jobs that they take on.

**The Chair:** Next question, please.

**Hon. Jim Prentice:** Mr. Wernick, I think would like me to continue, but...

**The Chair:** I noticed his head was getting bigger.

It's the government's turn and I am going to put forward a brief question. Will the government have to amend the Indian Act or bring in a new act in order to enshrine those educational rights to first nations people?

**Hon. Jim Prentice:** I think what needs to happen, Mr. Chair, will require new legislation. It will require consultation with first nations for sure. It will require working relationships with first nation education authorities and with provinces, but at the end of the day I believe there's a need for a legislative base for the programs and services that the federal government provides to aboriginal Canadians, first nations.

It's not limited to education. Water is a good illustration. It's perhaps a simpler step and it was the first step we took, but you can apply the same logic of what has to happen to education, social services, and some other areas.

**The Chair:** Thank you.

I'm going to move to Madam Bennett. Would you like to ask a question?

**Hon. Carolyn Bennett (St. Paul's, Lib.):** Thank you.

I guess I still am having trouble, Minister, concerning the Kelowna accord. I was there at the April cabinet meeting when there was such celebration about striking these five tables and really developing a bottom-up solution where all groups could come together on the hugely important issues around health, education, economic development, housing, and accountability. Those groups met for 18 months and came up with real solutions, with real commitments, and real targets. I guess I still don't understand what the government's problem is with these bottom-up solutions that actually were created and crafted by the people who know the most about this.

How can you actually tear this up as though it were bad, instead of just going forward, when there doesn't seem to be anything better on offer? I find it insulting to the work these people did for 18 months coming up with real solutions, given all the time those people spent. I spent a lot of time with the people on the health committee, and I just feel.... How can you look these people in the face who spent so much time working on these solutions?

• (1715)

**Hon. Jim Prentice:** Let me respond.

First, I'm not ripping anything up, because there is nothing to rip up; there is no accord. There is nothing that was signed by the premiers.

Please, listen to me.

On health in particular—you talked about the Kelowna accord on health—there was no Kelowna accord on health, because the Province of Quebec specifically didn't agree with what was put on the table. You cannot table here in the House of Commons the Kelowna accord in respect to health, because it doesn't exist; there was no accord. So don't accuse me of ripping it up, because it doesn't exist.

I was at Kelowna—

**Hon. Carolyn Bennett:** That is such a technicality.

**Hon. Jim Prentice:** I was at Kelowna. It is not a technicality. There was no consensus. You can take the other areas and work through them, and you will find that there was no consensus around the table on how dollars were to be spent, how they were to be divided up. You can talk to any of the participants who were there and you won't find a consensus.

What I have said is that we will continue to work forward with the five aboriginal organizations, and frankly, they've all been very complimentary of the new government. They have all been very complimentary about working together with the new government to build on some of the consultation that happened over the last several years. Mr. Fontaine said that today in a press conference, that he was respectful of the new government. Yesterday, or two days ago, Mr. Dewar said—

**Hon. Carolyn Bennett:** “Respectful” is a very different choice—

**Hon. Jim Prentice:** —very clearly that he is prepared to work with the new government, and that—

**Hon. Carolyn Bennett:** They have no choice.

**Hon. Jim Prentice:** —the new government was well within its rights to reconsider where we move forward.

**Hon. Carolyn Bennett:** How about a very specific question? We know that in order to get away from the colonization in the way health and health care is delivered with our aboriginal peoples, with Métis and first nations, we actually have to have more nurses and doctors.

There was \$100 million put there for health human resources for our aboriginal peoples in last year's budget, and it was not to be released until estimates in December. What has happened to that money, and how many more aboriginal doctors will we have graduated by the time we should have? How many more slots do you have for aboriginal physicians and nurses so that we can stop this terrible colonization that is taking place?

**The Chair:** We'll let the minister answer the question, please.

**Hon. Jim Prentice:** To be fair in respect to that question, Ms. Bennett, you appreciate, I think, as much as anybody in this room that a lot of these issues cut across departmental lines. I'm not the Minister of Health, and it's the Minister of Health who is responsible for about \$2 billion of the \$9 billion the Government of Canada spends on aboriginal programs and services. I'm sure he'd be pleased to come here and to answer those specific questions.

I can tell you, with respect to the other issues that were talked about at the first ministers meeting, that we're working on them. We're working in a respectful way with our first nation partners, and they're pleased with the working relationship they have. We're all happy to move forward.

As I say, in the Kelowna process there was no consensus at the end of the day. The Province of Quebec wasn't even engaged in the process, because the aboriginal leadership from Quebec didn't take part in the process; they weren't even at the table in Kelowna. So don't portray this as a national consensus that exists in an accord, because it doesn't exist.

**The Chair:** Thank you. You're out of time. It's the government's turn.

Mr. Minister, with respect to the figures that were used in the Kelowna accord, were there any estimates to build that case for putting so many dollars for education and so many for health and so many for housing? Was there work done on that to put forward those figures? I'm just asking the question.

Mr. Minister.

**Hon. Jim Prentice:** There was a single page that was tabled by the former Prime Minister in the closing moments of the first ministers meeting. It did not form part of a document that was on the table amongst the participants. It was not signed off by any of the premiers or by the aboriginal leaders. I know because I was there. I talked to some of the aboriginal leaders. They had never seen the numbers when the Prime Minister tabled them. Following that, the former Prime Minister issued a press release, and three days later we were into an election. That's the sum total of what the Kelowna accord consisted of. None of those moneys was ever budgeted by the Parliament of Canada, and no document was ever tabled in the House of Commons that related to any of those documents. They didn't form part of any of the budgets of the previous government.

• (1720)

**The Chair:** Mr. Bruinooge, you still have about two minutes.

**Mr. Rod Bruinooge:** It's interesting to see what happens when the composition of parties, committee members, changes. I'll leave it at that.

Mr. Minister, you've spent many years in your career working on aboriginal issues, as have I. Although by no means even approaching your experience, I also have a real interest in this area. I think one of the things Canadians want to see—all Canadians, aboriginal Canadians—is real action on aboriginal issues. Over the last 13 years, I hate to point it out, but we haven't seen a lot done. I know we're going to have some real action. Perhaps you could continue to describe not only the things you have done in these last 100 days, but what you plan on doing in the next 100 days, the next hopefully 100 years. I'll just put it down to a couple of years.

**Hon. Jim Prentice:** Thank you.

There are days I feel 100 years old. You're a young man, and if I've accomplished more than you have, it's only because I have the disadvantage of being 20 years or 30 years older. I'm sure by the time your career is finished there won't be any question about that.

I have spent a large part of my life working with aboriginal Canadians. I felt throughout that time that, in particular, first nations south of 60 are hampered by the Indian Act and by living their lives basically confined by a statute that is seriously outdated for modern circumstances. As we have discussed today, it doesn't provide an education system or protective steps for child enforcement, for social services. There's no modern framework for housing. Even issues like whether a first nation can lease their land for commercial or industrial purposes are extraordinarily complicated, because the statute we're dealing with didn't contemplate shopping centres or oil sands plants or industrial facilities. The current world does.

I think there's an obligation on us, partisanship aside, as Canadians to move forward, and we have to do so working with aboriginal Canadians to create a government framework, a legislative framework, that's modern and that reflects current realities.

**The Chair:** Thank you.

Mr. Lévesque, please.

[*Translation*]

**Mr. Yvon Lévesque:** Minister, can we come to an agreement this evening on a date for repealing the Indian Act?

Seriously though, with respect to housing, would you be amenable to having a committee look into the advisability of the department investing without further delay in housing, so as to avoid wasting money on substandard housing stock, to save money that the Justice Department is spending because housing is inadequate and to save money on health costs associated with tuberculosis in Nunavik and most likely in Nunavut as well and in all communities where overcrowded housing is an issue? In its quest to save money, perhaps the government could go one step further and invest in new housing to quickly resolve this problem. What do you think?

**Hon. Jim Prentice:** We have allocated over \$400 million to this budget. We need to discuss funding and Aboriginal priorities with Mr. Ghislain Picard, Mr. Fontaine and other Aboriginal leaders.

These discussions will probably take place in June and in September. New priorities will be identified in concert with the Aboriginal leadership. Housing will be a key topic of discussion with Mr. Picard, Mr. Fontaine and other leaders.

• (1725)

**Mr. Yvon Lévesque:** I was in Salluit last week. Children are roaming the streets at 4 o'clock in the morning because their parents are at home fighting. That's another important issue that needs to be addressed.

**Hon. Jim Prentice:** I agree with you. It's a very complex issue.

[*English*]

**The Chair:** Thank you.

We've run out of time.

On behalf of the committee, I want to say thank you for your presence, Mr. Minister. We appreciated hearing your priorities for the department. Of course, this may be some of the challenge to this committee—to work with you and move those priorities forward.

Thank you to your staff for attending also.

**Hon. Jim Prentice:** Thank you very much.

**The Chair:** We are adjourned.

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