



Deputy Minister
Indian and Northern Affairs

Sous ministre adjoint
Affaires indiennes et du Nord

Indian and Inuit Affairs.

Affaires indiennes et inuit

DEPUTY MINISTER

Your file Votre référence

Our file Notre référence

RE: RENEGOTIATION CANADA-NEWFOUNDLAND AGREEMENT

Following the last meeting of the Federal/Provincial Advisory Committee in St. John's on August 31, 1979, an analysis was commenced of the position papers tabled by the Province and the LIA as well as the principles outlined by the FNI.

Attached hereto are the following:

- (a) Historical background paper
- (b) A general sheet containing the basic positions tabled by each of the parties to date (including the comments/position of the Regional Office)
- (c) A point-form breakdown of the financial aspects of the Provincial draft of the agreement

This note identifies the main issues requiring consideration and provides general recommendations under each issue head.

QUESTIONS TO BE ADDRESSED

The positions communicated to date can be analyzed as follows:

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1. STATEMENTS RE RESPONSIBILITY

Essentially all parties (including Regional Office) restate the Federal responsibility for Indian and Inuit people. The problems that arise in later parts of the agreement centre on the reality that we do not under the present arrangement in fact accept total responsibility (e.g. a large part of education - social assistance costs). Should be possible to achieve agreement for a continuation of the present position.

Recommendation: The Federal government affirms its primary responsibility for Indian and Inuit people as reflected in the present arrangements and payment under this agreement should continue to be supplemental to what the Province receives under programs of general application which extend to include both Native and non-Native residents of the Province.

2. TYPE OF AGREEMENT

The Province has proposed a formal 5 year Federal/Provincial Agreement which would also be signed by the Native community. In contrast to this position, the Federation of Newfoundland Indians has proposed that the agreement be a Federal government/Indian-Inuit agreement with no specified duration and with provisions which would allow the Provincial government to participate if it so desires. The Regional Office has suggested a formal agreement of no specified duration having the three parties as signatories to it.

Although having the Indians-Inuit as signatories is in part symbolic (since they have no financial resources to contribute to the agreement), the value of them signing is in the fact that it indicates a concurrence with the content of the agreement and a commitment to participate on the administrative structure.

An unanswered question is who will sign on behalf of the Indian-Inuit - the Association Presidents? the community representatives?

Recommendation: It is recommended that the Federal government take the position that a formal tripartite agreement of 5 years duration be established, and that provision be made for the Indian and Inuit Associations to be full signatories to the agreement.

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3. ADMINISTRATIVE STRUCTURE

Essentially, all the parties have indicated that they would support the continuation of an administrative structure along the lines of the present Advisory Committee providing for representation from all three parties. In addition, the LIA has proposed a Regional Committee structure. It appears that the most viable structure might be an amalgamation of the proposals put forward by the Provincial government and the Labrador Inuit Association. This structure might be as follows:

- (a) A co-ordinating committee comprised of 2 representatives from the Provincial government, 2 representatives from the Federal government and 2 Native representatives from each of the regional committees.
- (b) Three regional committees to be comprised of 1 representative from each of the communities and 2 representatives from the appropriate Indian Associations, the Provincial and Federal governments.

This structure would accommodate the suggestion put forward by the Provincial government that a separate structure be established for the Conne River group.

Recommendation: The Federal government should support the continuation and modification of the structure of the committees as described in the preceding paragraph.

4. ADMINISTRATIVE FUNCTIONS

It appears that reaching agreement on the functions of the co-ordinating committee will be the most contentious part of the negotiation of this agreement. The views of what the functions should be vary from a purely advising/recommending function (Provincial view) to a controlling and managing function (LIA and FNI view).

The impetus for the LIA-FNI demand for change appears to be that the Provincial government each year has unilaterally allocated substantial portions of funds to the Department of Education for the operation of schools and to the Labrador Services Division for the administration of this Canada-Newfoundland/Labrador Agreement leaving only a portion of the budget to be spent at the discretion of the Advisory Committee.

It appears that an acceptable compromise between the two extreme positions might be found in giving the regional committees full spending authority over funds allocated to them and in giving the co-ordinating committee the task of developing general programs and financial priorities and advising the governments on how the funds might be allocated.

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Recommendation: The Federal Government should support the concept of a co-ordinating committee with advisory functions as the senior organization and regional committees with full spending authority within prescribed budget as the subsidiary organizations.

5. NATIVE REPRESENTATION

Essentially all parties are in agreement that the Native communities be represented at all levels of the administrative structure. However, a significant variation in how the parties view the roles of the Native representatives exist at this time--ranging from the consultative role (Provincial view) to the equal participation role (FNI view). The Regional Office has suggested that Native representation at all levels be considered imperative and integral to the process and that the Province be encouraged to give more prominence and significance to the roles played by the Native representatives on both levels of committee.

Discussion of this topic might be facilitated by prefacing the discussion with a description of the Federal process of voting money. This would indicate that to both of the parties that our problems are not dissimilar to those experienced by the Provincial government and that our experience has been that it is possible to manage money through committee structures such as those recommended.

Recommendation: The Federal government should take the position that Native representatives be given full participation rights through being signatories to the Agreement, participating on the regional committees and the co-ordinating committees and participating in the development of all materials relating to the Agreement including the preparation of program and financial priorities and the allocation of funds.

6. ELIGIBILITY

All parties have indicated continued support of the premise established in the initial 1965 Agreement that in the absence of a list of registered Indians and Inuit, communities with significant Indian/Inuit populations be designated as beneficiaries under this Agreement.

Based on this premise, the LIA has suggested that Mud Lake and Black Tickle (communities which have few or no Inuit residents) be removed from the list of recipients and that Happy Valley (a community with approximately 400 Inuit residents of a total population of approximately 7,000) be added. The Regional Office supports the inclusion of this group in the agreement on a limited basis. The Provincial government has indicated that such a change may pose political problems for them.

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Both the FNI and the LIA have suggested that the Agreement also allow for the provision of services to Natives living outside the designated communities either on a project basis or on an access to programs basis. The Regional Office has responded to this by suggesting that this concept be supported and that the following administrative process be used: a special budget item under the Agreement should be established and the DIAND off-reserve program guidelines be used to guide the spending of this budget.

Although from the Indian association point of view this might be the most politically astute way of dealing with requests from Natives living outside the designated communities and the Regional Office suggestion of how to administer the proposal might be an appropriate way of facilitating this desire, caution should be exercised in dealing with this suggestion in that any additional groups accessing the funds under this Agreement will dilute the effect that it might have in those communities designated as Native.

Recommendation: That the Federal government support the continuation of the present type of Agreement which designates certain Indian/Inuit communities as recipients under this Agreement and that we also support the removal of Mud Lake and Black Tickle and the inclusion of Happy Valley.

It would appear to be appropriate, in the initial round of negotiations, to resist endorsing the suggestion that Natives living away from the designated communities be accommodated in this Agreement. It may be appropriate in later stages of the negotiations to compromise on this point to some degree.

7. SERVICES

All parties support the continuation of the delivery of the range of services which are presently in place. All parties, with the exception of the Federation of Newfoundland Indians who suggested that the Federal government deliver education and social assistance services directly to the Band, have indicated that they support the continuation of Provincially delivered services. The Regional Office indicated that under the present Agreement, the Provincial government assumes financial responsibility for staffing the schools (at a cost of approximately \$2 million per year) and for the social assistance programs (an estimate of the annual cost is not available). For the Federal government to assume responsibility for these two program areas would create an administrative difficulty and would require the procurement of significant additional funds. The Regional Office recommended that the Provincial government continue to deliver the services to these communities.

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Recommendation: It is recommended that the delivery of services remain essentially as under the previous Agreement with the exception that program and financial priorities be developed by the Co-ordinating Committee in the manner indicated above.

8. FINANCIAL AND PROGRAM REVIEW AND EVALUATION

An element essential to the process of achieving efficient and effective programming is the financial and program review and evaluation process to ensure that the parties to this agreement are able to determine at any point in time and particularly at the end of the agreement the degree of success which has been achieved.

Recommendation: It is recommended that the Federal government ensure that the requirement for the review and evaluation of programs be embodied in this agreement.

It is interesting to note that none of the four parties made reference to the need for program reviews or evaluations.

9. FINANCIAL

Under the present agreement, the Federal and Provincial governments share the cost of providing services to the native community using a basic 90% Federal/10% Provincial formula. The portion of the cost which is shared is dependent upon the Native to non-Native population ratio i.e. in Northwest River and Davis Inlet all the residents are Indian thus resulting in a cost-sharing of all the programs included in the range of services funded under this agreement.

(4) Irrelevant

(4) Irrelevant for the Inuit communities
2/3 rds of the total costs are shared. The application of this formula has in the last 5 years generally resulted in a total annual expenditure of \$6 million (\$4.5 million Federal, \$1.5 Provincial) for a total 5 year cost of \$30 million (\$22.5 million Federal, \$7.5 million Provincial).

Although under the agreement the Province is required to contribute a relatively small percentage (10%) toward the cost of providing services to Newfoundland natives, it should be noted that it provides numerous services and programs in addition to those funded under this agreement e.g. social assistance, teachers's salaries, construction and maintenance of access roads, construction and maintenance of air strips, etc. Its annual costs of providing services to the ten designated communities has in fact exceeded considerably the \$1.5 million per year required by this agreement.

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The Provincial government, the Labrador Inuit Association and the Regional Office see the continued use of the present cost sharing formula for the duration of this agreement. The Federation of Newfoundland Indians has suggested that the Federal government, in carrying out its responsibility for Indian/Inuit, should pay the full costs of services/programs to the Newfoundland-Labrador Inuit/Indian people and that the Federal government should assume directly the costs of education and social assistance services. The Regional Office has indicated that, for the Federal government to assume direct responsibility for education and social assistance programs, the additional cost to the Federal government would be well in excess of \$2 million per year and to pay the full cost of the other items included under this agreement would come to an additional \$500,000 per year.

The Province in its position paper has indicated that to carry out the long range plan which they have developed would cost a total of approximately \$55 million (\$46 million for Labrador and \$9 million for Newfoundland) over a 5 year period. Under the cost sharing formula the Federal government would be responsible for approximately \$41 million (an average of \$8.25 million per year) of the total \$55 million.

The Province and the Federation of Newfoundland Indians have suggested that the annual allotment of funds be adjusted each year to accomodate inflationary trends. Regional Office agreed with the principle of increasing the annual allotment in keeping with the inflationary trend on the condition that this adjustment would be made using pre-determined criteria.

The Regional Office has built an amount of \$5 million into its program forecast for 1980-81 for the Newfoundland agreement.

Recommendation: The Federal government should support the continued use of the present cost sharing agreement. It should agree to provide \$5 million for the first year of the agreement and an increment of \$250,000 (5% per year) for a total of 5 years bringing the federal cost to \$27,500,000.

It is also recommended that the appropriateness of the cost sharing formula, the annual federal contribution, and the range and delivery of programs be reviewed in the third year of the agreement.

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Two additional factors which will impact on the character and affairs of the native people of Newfoundland and Labrador in the years to come are the registration and the land claims processes. Both the Labrador Inuit Association and the Federation of Newfoundland Indians have asked that the agreement be designed so that it will not bias the outcome of these two processes or be affected by the results of the two processes. However, some thought should be given to a mechanism to be included in the agreement which would allow the integration of changing circumstances to the nature and the status of native peoples in Newfoundland which might result from these two processes. At this time, the minimum that appears necessary is a communication of a status report to the Province on the registration process now underway containing a tentative listing of the implications, that the Federal government can identify at this point in time.

Yours sincerely,

P.C. Mackie,
Assistant Deputy Minister -
Development,
(Indian and Inuit Affairs).

Encl.