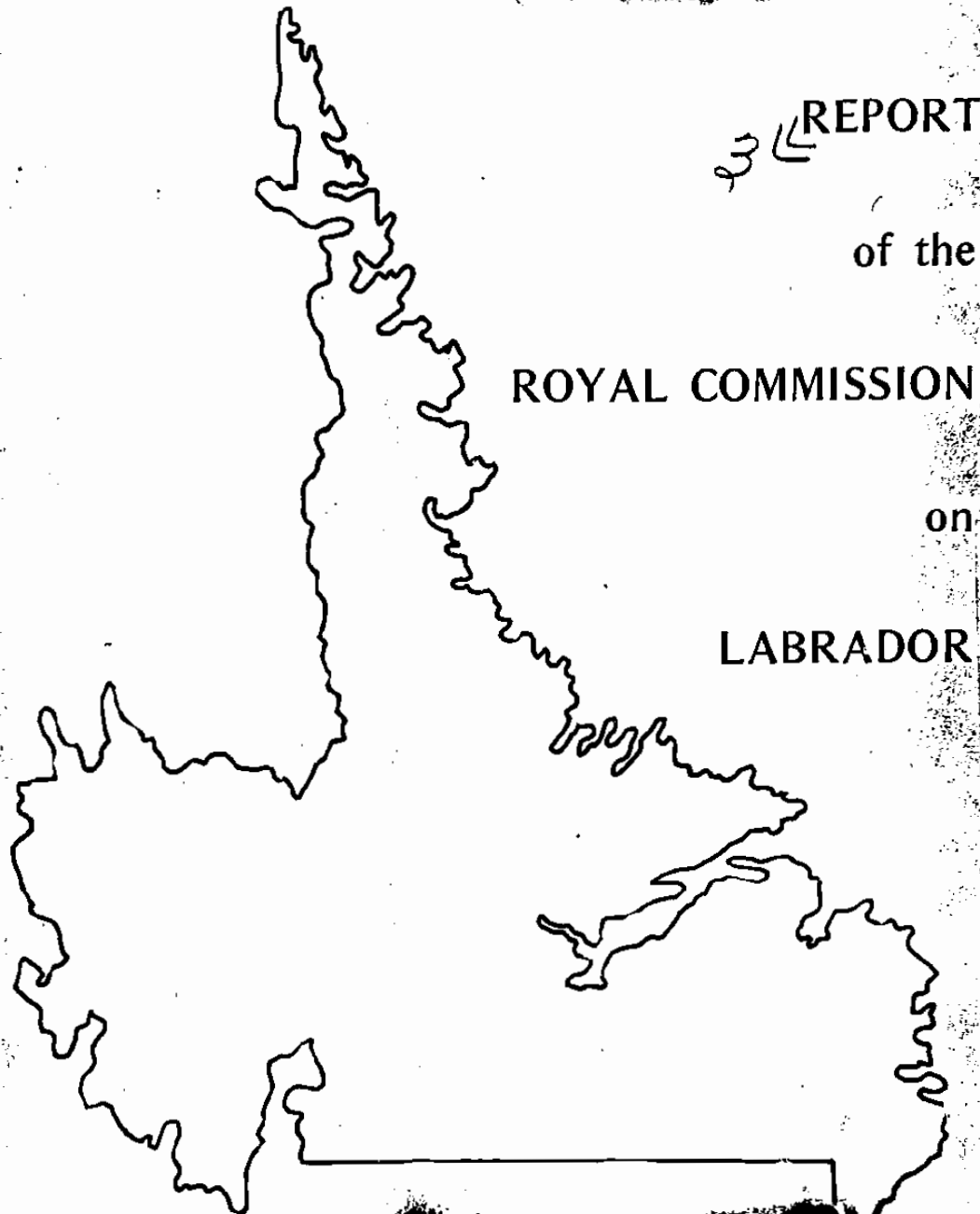


17 Newfoundland and Labrador Royal Commission
on Labrador

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3 REPORT
of the
ROYAL COMMISSION
on
LABRADOR

VOLUME VI - The Role of the Government

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FEDERAL-PROVINCIAL AGREEMENTSINTRODUCTION

Of the multiplicity of Federal-Provincial agreements which have application to Labrador, there are two relevant to the people of coastal Labrador which require immediate and urgent attention by the Province. The Federal-Provincial Agreement respecting Indians and Eskimos in Labrador is obsolete and seriously inadequate. Furthermore, it is highly discriminatory, as a result of what appears to be deliberate Federal policy in respect to Newfoundland vis-a-vis other provinces and northern territories.

In addition, it is the view of the Commission that there exist now precedents and devices under the Department of Regional Economic Expansion (DREE) which make possible the development of special agreements designed to alleviate the condition of serious neglect along much of the rest of coastal Labrador. It should be of concern that for two years special agreements for northern residents of other provinces have been developed and signed and that western provinces are now, with varying degrees of priority, working in concert with Federal departments under the aegis of DREE on agreements under a program called Western Northlands. This program could open the way to substantial rural redevelopment of northern parts of the provinces in ways which are unique within the framework of the Agricultural Rehabilitation and Development Agency (ARDA) or DREE. In spite of these precedents for northern areas elsewhere, Newfoundland has made no effort of importance to involve the people of coastal Labrador in such remedial programs. Without such effort, meaningful rural redevelopment in this

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most neglected area of the Province will be impossible.

Throughout this Report there is evidence of the indifference, lack of interest and bad faith on the part of governments toward the people of the south coast of Labrador. In the view of the Commission, the alleviation of the condition of neglect in this area of the Province ranks with the highest priorities for Labrador.

There has been growing dissatisfaction expressed in southern Labrador, and, on occasion in the House of Assembly, toward what is regarded as the favoured position of residents of northern Labrador vis-a-vis the south coast. This developed because of assistance available to northern Labrador communities under the Federal-Provincial Agreement respecting Indians and Eskimos, but beneficial to other northern Labrador residents as well. The justifiable complaint is that no such programs and services are available in southern Labrador where there are no residents who declare themselves as Indians or Eskimos. In the view of the Commission, the discrimination is real but by no means unique to Labrador; it applies to other northern jurisdictions in Canada where there are Indians and Eskimos. The attitude on the part of the people of southern Labrador is illustrative of the degree of governmental deprivation from which they and their area suffer. It is incontestable that northern Labrador, because of the Federal-Provincial Agreement, has been handsomely treated in relation to the rest of coastal Labrador, north of the Straits communities. Northern Labrador is, however, itself the victim of discrimination related to other northern jurisdictions in Canada where the Federal Government has an acknowledged responsibility for the welfare of Indians and Eskimo residents.

The fact is, its northern citizens are receiving less

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through transfer payments from Ottawa, than similar people in other northern Canadian jurisdictions. Because of this, northern Labrador epitomizes a dangerous path along which the nation is travelling related to its northern citizens. A preferred northern citizen class system is resulting from the continued massive infusion of Federal funds into the social and economic development programs for Indians and Eskimos in the Northwest Territories. In making this statement, the Commission is in no way denegrating the need of people in the Northwest Territories, where living for many is extremely difficult and costly. The point is, however, that the extent of Federal aid to such ethnic groups varies downward from the Northwest Territories across northern Canada. It is drastically lower for the Indians and Eskimos of Labrador than elsewhere in northern parts of the nation.

As a result, in virtually all material and institutional respects, northern Labrador suffers odious comparison to the remainder of northern Canada where there are both Indian and Eskimo residents. The Indian or Eskimo resident of the Northwest Territories, especially, is a wealthy man compared to his northern Labrador relative--wealthier in terms of housing, community infrastructure, local control and participation in decision-making, utilities, economic development funding, educational opportunities, health delivery systems, air transport services, social assistance programs, access to loan capital, access to information, technical assistance, and many other aspects of life.

The Federal Government has, through its Agreement with the Province, acknowledged its responsibilities toward Indian and Eskimo residents of Labrador. Over the past few years its payments to the Province under this Agreement have become substantially lower on a per capita basis than those made to Indians and Eskimos in other similar parts of

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northern Canada. The Commission can find no evidence of the fact that the Province, until now, was aware that such was the case, but there is ample evidence that Ottawa has been aware. The Agreement, the background leading to it, and its present status bear detailed examination in this Report.

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FEDERAL-PROVINCIAL AGREEMENTS CONCERNING
INDIANS AND ESKIMOS OF LABRADORHistorical Background

At the time of discussion of the Terms of Union, no decisions were made regarding the Eskimos and Indians of Labrador. Although the exact definition of the Federal responsibility was not made then, there was a belief in some quarters in Ottawa that the Government of Canada had some obligation in this field.

The situation regarding the status of Indians and Eskimos in the remainder of the Dominion was quite clear-- the Federal Government had historically accepted responsibility for the well being of Indians and Eskimos throughout Canada. The belief in Ottawa at the time of Confederation was that there were "unusual conditions" within the proposed Province which appeared to make it more desirable for Newfoundland to retain responsibility for all matters related to Indians and Eskimos. The fact was that this Province, alone in Canada, had maintained sole responsibility for Indians and Eskimos within its borders, and, unlike other parts of the Canadian north, settlement by Europeans had been over such a long period that there had been extensive inter-marriage between Eskimos and Europeans.

The first serious negotiations began with the conviction that they should result in a permanent settlement. At that time, the Federal Government was establishing a Department of Northern Affairs and National Resources, which would, for the first time in Canada's history, provide a major attempt to ameliorate some of the difficulties facing its Eskimo population. Over the next ten years it would spend scores of millions of dollars in the Northwest Territories, northern Manitoba and in Arctic Quebec for this purpose.

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The First Agreement

In early 1954, the Canadian Secretary of State recommended to the Federal Cabinet that a settlement be made with Newfoundland which would resolve areas of uncertain administrative responsibility, while at the same time providing guaranteed Federal funds to the Province for health services to Indians and Eskimos, and as contributions to certain projects approved for them. Soon after, both Governments approved the proposal, and it came into effect. Essentially, the Federal Government, beginning April, 1954, and extending for 10 years, was to assume all financial responsibility, and administrative responsibility as required, to provide hospital service for Labrador Indians and Eskimos. Also covered under the Agreement were transportation to hospital and a program to eliminate tuberculosis.

In addition, the Federal Government undertook to provide up to \$200,000 toward certain capital expenditures for Indians and Eskimos. It was agreed that the Province would assume all other financial and administrative responsibilities for its native peoples.

A Period of Neglect

It became apparent to the Province, by 1959, that the sums granted by Ottawa were inadequate to cover costs of providing housing and schools to Indians and Eskimos. In 1959, the Government of Newfoundland, therefore, requested the Federal Government to provide another \$211,000 as its share of further capital projects dealing with housing and schooling. Although this proposal had the support of the two Federal Cabinet Ministers most directly concerned--

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those of the Departments of Northern Affairs and National Resources, and Citizenship and Immigration--the Province was to be left cooling its heels, inexcusably, for four years. During this period no decision was taken by the Federal Cabinet, although the Federal Ministers concerned apparently resubmitted the proposal several times. During this time, when Ottawa was being so parsimonious related to Eskimo and Indian people in Labrador, its own budget for services to Eskimos in the Arctic, exclusive of Labrador, was increasing at a phenomenal rate, as was the diversification of its programs and services.

Four years after Newfoundland had approached Ottawa for an adjustment in payments for Indians and Eskimos, the Province, through its Minister of Public Welfare, again appealed for readjustment of payments. In a letter dated October 15, 1963, he asked the Federal Government for four things--the \$211,000 requested in 1959; an addition sum, for the same purpose, of approximately \$70,000 to cover costs incurred since that time; an extension of the 1954 health plan agreement which was soon to expire at the end of its 10 years' duration; and a five-year plan of capital expenditures which would cost the Federal Government just over \$500,000. Again it seemed as if Newfoundland was to be stalled, as an Ottawa inter-departmental committee was assigned to study the proposal. It was not necessarily that Ottawa was suddenly interested in redressing the four-year old problem for Newfoundland; the request from the Province happened to coincide with an interest on the part of Quebec in transferring responsibilities from the Government of Canada, for the affairs of Quebec Eskimos.

By early 1964, it had become a matter of considerable concern to the Premier of Newfoundland that Ottawa was still showing no response to the long-standing request for

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financial assistance that was now of urgent importance to the Province. In March, he wrote to Ottawa urging the Prime Minister to make some decision on the matter. The alternatives, as offered by Mr. Smallwood, were to have the Federal Government assume full responsibility for Indians and Eskimos, or to give the Province the same financial support as was being provided elsewhere for that purpose. A letter, friendly in tone, but useless in terms of immediate solution to the problem, left the desk of Prime Minister Pearson in early April in reply to Premier Smallwood's letter of the month previous. It did say, however, that the Government of Canada had no wish to disturb the established arrangements for Provincial administration of Indian and Eskimo affairs in the Province. It was more than a year later that Mr. Pearson presented to Mr. Smallwood a new proposal from Ottawa on the matter of the Indians and Eskimos of Labrador.

The Legal Basis

The vexatious and difficult question of legal, policy and financial responsibility for Indian and Eskimo affairs was one that Ottawa had attempted to resolve soon after Newfoundland entered Confederation. Early in 1950, the Cabinet in Ottawa had requested advice on the matter from the Department of Justice. By mid-April the opinion expressed to Cabinet was that the Federal Parliament had exclusive legislative authority for Indians under Section 91 (24), of the British North America Act. The ruling also pointed out that for the purpose of the BNA Act "Indians" included Eskimos. Equally important, the Department of Justice stated that "the Provincial legislature had no authority to enact legislation directed at dealing with or

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'in relation to' Indians."* Furthermore, the opinion stated it was a Federal responsibility "to formulate and carry out all policies that are directed to" Indians and Eskimos, and that Parliament and the executive were to formulate such policy.

In 1951, the Indian Act, Chapter 149, of the Revised Statutes of Canada 1952, was enacted, and, as it did for all the rest of Canada, became part of the law in force in Newfoundland. There was no portion of the Act which excluded any portion of the nation from its application. However, because Newfoundland had never established treaties with Indians within its borders, for all practical purposes, the Indian Act did not apply and was not enforced in the Province.

In an interpretation in 1964, by the Federal Department of Justice, it was stated that the fact that there was no reference to Indians and Eskimos in the Terms of Union meant only that the constitutional position related to those people, and the Federal responsibility in that regard, was to be the same for Newfoundland as for the rest of the Canadian provinces. In Ottawa, it was clear to some civil service advisors that the Federal Parliament had exclusive legislative authority with respect to Indians and Eskimos of Newfoundland and policy responsibility for dealing with Eskimo and Indian problems.

This latter was not, however, an opinion which had been unanimously held by the Federal Government. In 1962, the then Minister of Citizenship and Immigration had

* Letter from Deputy Minister, Department of Justice, to the Secretary of the Cabinet, April 14, 1950.

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stated to the Solicitor General of Canada that the Indians and Eskimos of Newfoundland "were enfranchised and full citizens of the Province on the day when Newfoundland entered Canada in 1949...."* The subsequent interpretation of this letter to Cabinet by its civil service advisors was that the letter was probably based not on legal, but on policy grounds. They believed Newfoundland's Indians and Eskimos were being regarded by the Minister of Citizenship and Immigration as in the same position as Indians in other provinces who had been enfranchised, or as Metis. Up to that time, the Federal Government had consistently maintained it had no obligation to provide funds or develop policies for such people.

Metis in western Canada, however, at the time of the signing of treaties, had been given the choice of being considered Indians or ordinary citizens. Furthermore, enfranchisement among Indian people had traditionally been a matter of individual choice. Such options had never been given to the Indians and Eskimos of Newfoundland.

It was recognized by Ottawa officials that the Indians of Labrador had remained more removed from contact with non-Indians than most other similar groups of people elsewhere in Canada, and that they still remained identifiable by language and way of life. For that reason they urged the Government of Canada, on the basis of legal responsibility and logic, to provide the same resources and programs to Indians and Eskimos in Labrador as were provided to similar groups elsewhere in Canada. In 1965, the Government of Canada set out to follow that advice.

* Letter from Minister of Citizenship and Immigration to Solicitor General of Canada, March 21, 1962.

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The New Agreement

Ottawa civil servants were charged with doing research into all aspects of the problem--legal and financial--as well as advising the Federal Government first-hand of the situation as it stood in Newfoundland, related to Indians and Eskimos, and to caution the Federal Government on the implications of any decisions they might make in the matter. Their reasoning and recommendations were so sound that it seems to have been virtually all incorporated into the actual agreement Ottawa proposed to Newfoundland in May, 1965.

The proposed formula for agreement between Ottawa and the Province was recommended to the Federal Cabinet by the Ministers of Northern Affairs and National Resources, Citizenship and Immigration, and National Health and Welfare, and was accepted. The Prime Minister of Canada, by letter on May 25, 1965, set forth to the Premier of Newfoundland, a proposal regarding Federal contributions for Indians and Eskimos in Labrador communities. This agreement has remained virtually the same until now.* Under the proposal, the Federal Government recommended that:

1. The proposed agreements should be renegotiated and review at every five years to "ensure that they continue to meet the changing circumstances and needs of the Eskimo and Indian residents in Labrador,"** with the first review to take place in 1970. The 1954, ten-year agreement on medical and hospital costs for Indians and Eskimos, which Ottawa dallying had allowed to lapse, was to be reinstated for a further five years with the possibility of review at the end of that period.

* The exceptions are the communities of Rigolet and Black Tickle, which have been added since that time.

** Letter, Prime Minister Lester B. Pearson to the Honourable J. R. Smallwood, May 25, 1965.

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2. A new agreement, exclusive of health matters, but covering both capital and operating costs would:
 - a. Pay Newfoundland up to \$1 million per year for 90 percent of the Province's expenditures on Indians and Eskimos, except where covered under any other Federal-Provincial agreement. Capital costs for regional institutions serving predominantly "white communities" would receive Federal support (under this agreement only for Indians and Eskimos) on a pro-rated basis.
 - b. Establish a Federal-Provincial committee to monitor Provincial expenditures and propose budgets for approval by both governments.
 - c. Confirm continuation of the provisions in the previous agreement covering capital costs in Nain, Hopedale, Makkovik, and Postville. Under the previous agreement, for 1954-59, the Province had borne one-third of capital expenditures in these communities on the grounds that such a portion of total capital expense reflected "the percentage of non-Eskimo residents in these communities."*
3. It would reimburse Newfoundland 90 percent of the Province's capital expenditure for Indians and Eskimos in the period 1954-64. Under the earlier agreement, the Federal Government had paid the Province 100 percent of expenditure on Indian account, and two-thirds of the expenditure on Eskimo account. The amount the Province was now to be reimbursed was \$255,000.

The mechanics for administering the Agreement were to include an inter-governmental committee, to be chaired by a Newfoundland official. It was to include "such representatives as the Government of Newfoundland"* wished

*Letter, Prime Minister Lester B Pearson to the Honourable J. R. Smallwood, May 25, 1965.

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to nominate. Representatives of the Department of Citizenship and Immigration, then responsible for Indian affairs in Canada, and the Department of Northern Affairs and National Resources, then responsible for Eskimo affairs, were to represent Federal interests on the committee. The Departments of Finance and National Health and Welfare were to attend as required.

There was no more formality to it than that, and the Province quickly agreed. By this exchange of letters Ottawa had, to its own satisfaction, nailed down the thorny question of what to do about the Indians and Eskimos of Labrador. For the Province the problem was to be somewhat different--how to spend the money for Indians and Eskimos without offending, through neglect, the non-Indians and non-Eskimos of northern Labrador, and the virtually forgotten people of southern Labrador.

The Years Between

Between the signing of the 1965 agreement and its first review in 1970, the Province had decided there were compelling reasons for expanding the number of northern Labrador communities coming within the Agreement's terms. It met no resistance from Ottawa in 1967, when it proposed to add Rigolet to the list, and that community was included in the Agreement near the end of 1967.* By 1970, the program, in the eyes of those on the inter-governmental committee, was working well, and there appeared to be no

*Letter, Prime Minister Lester B. Pearson to the Honourable J. R. Smallwood, October 26, 1967.

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need to change the Agreement when it came up for its first five-year review that year. By then the Province had created a Department of Labrador Affairs and the Northern Labrador Services Division.

The Committee Structure

Original participation on the committee from Ottawa was at a senior level, with assistant deputy ministers in attendance from the Federal Departments charged specifically with responsibility for Indian and Eskimo matters--the Departments of Citizenship and Immigration and Northern Affairs and National Resources. Also representing the Federal Government at the first meeting in July, 1965, was a senior official of the Department of National Health and Welfare, and a Northern Affairs official who had been one of the chief Federal advisors in the preparation of the Agreement. The Province had similarly impressive representation.

By the time of the first review of the Agreement in 1970, however, the Federal Government had gone through a process of departmental restructuring, with the result that the main responsibility for Indian and Eskimo matters in Ottawa was now vested in one department--Indian Affairs and Northern Development. Part of the new structure included a Division of Federal-Provincial Relations and it was only natural that it should be represented on the committee.

By the time of the obligatory 1970 review of the Agreement, senior participation from both levels of Government had slipped considerably, but most especially from Ottawa. By 1970, it was represented by two intermediate

TABLE I
GROSS AND NET EXPENDITURE
IN RESPECT OF LABRADOR SERVICES FOR THE YEAR 1966-74

Year	Fed./Prov. Expenditure	Revenue From Fed. Govt.	Other Revenue	Provincial Expenditure
1966-67	657,459	-	-	Not Available
1967-68	1,217,294	347,661	605,524	264,109
1968-69	1,428,456	465,455	604,697	358,304
1969-70	1,315,191	370,616	658,192	286,383
1970-71	1,378,998	411,585	697,552	269,861
1971-72	2,450,042	715,161	461,056	1,273,825
1972-73 (Revised Estimates)	3,755,400	1,000,000	856,800	1,898,600
1973-74 (Estimates)	3,626,100	1,089,500	906,800	1,629,800

Source: Newfoundland Public Accounts, and Labrador Services Division, December, 1973.

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level officials from the Department of Indian Affairs and Northern Development. In 1973, the Province reorganized and bolstered its civil service participation on the committee. In the view of the Commission, this was desirable and timely.

There is still, however, far from adequate representation of native peoples and the Commission urges that this deficiency be corrected and formalized. It is regarded as deplorable by the Commission and a matter of legitimate grievance to the people of northern Labrador that the meetings of this committee have been held in St. John's. In the view of the Commission, many should have been held in Labrador.

It is also the opinion of the Commission that Federal representation has been inadequate for several years. In the intervening period, many new Federal programs of direct assistance to Indians and Eskimos have been developed, not only under the Department of Indian and Northern Affairs but under departments which have never been seated on the committee. Yet their programs--such as those of the Department of the Secretary of State--have caused problems as well as benefits for those charged in Newfoundland with responsibility for Indian and Eskimo affairs.

It is therefore recommended that, in the interim, and until such time as the Department of Inter-governmental Affairs, and Crown Corporation for Labrador services are established as proposed by this Commission, the Province make strong representation to the Federal Government to expand and upgrade its representation on the committee.

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Further Observations

Throughout the history of the inter-governmental committee dealing with this Agreement, negotiations have been marked by a consistent harmony that must come, at least in part, from the flexibility which has been afforded those serving on the committee. This has enabled the Province to develop new programs and shift priorities under the Agreement with the virtual certainty they would receive final approval in Ottawa. In the view of the Commission, it is important to both levels of Government that such flexibility at the working level be maintained under any revised or renegotiated Agreement.

At the same time, it is apparent that both Ottawa and the Province have been severely handicapped in meeting the intent of the Agreement. The inhibiting factor has been the practice, since the preparation of the Agreement in 1965, of naming the communities in northern Labrador in which Indian and Eskimo people must live before becoming eligible for assistance. In the view of the Commission, in parts of Labrador this practice is denying assistance to native peoples who are unquestionably entitled to it.

This provision of the Agreement is responsible for forcing deprivation on Indians and Eskimos of Labrador who leave their communities to live in other Labrador communities not named in the Agreement. It has an especially pernicious effect on the ignored Eskimos who live in wretched and intolerable conditions in Happy Valley. The same lack of access to programs applies also to Eskimos living on the north side of North West River because these communities are not named under the Agreement. Eskimo citizens elsewhere in Canada continue to have access to Government aid, development and rehabilitation programs after they leave their home communities.

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It is therefore recommended by the Commission that eligibility to specified communities under the Agreement be dropped immediately so that the Governments can meet their original intent of providing for the Indians and Eskimos of Labrador.

An Attempted Increase

By 1973, St. John's and Ottawa officials had jointly decided that the monies available under the Dominion-Provincial Agreement for Labrador Indians and Eskimos were inadequate. At the initiative of the Government of Newfoundland, it was recommended that they be increased by 50 percent, that is, to \$1.5 million annually, to cover increased costs of Labrador Services operations. Prior to that, yet another community--irrelevant--had come under the agreement concerning Indians and Eskimos in Labrador.

In April, 1973, the Minister of Indian and Northern Affairs was presented by his officials with a request to Treasury Board to increase the maximum \$1 million Federal contribution to Newfoundland for Labrador Indians and Eskimos, exclusive of health services, to \$1½ million. The rationale in the submission forwarded by the Ministers to Treasury Board in May was as follows:

1. There had been no upward revision in the amount granted since the original agreement in 1965.
2. There had been a substantial increase in the Indian and Eskimo population of Labrador since that time.
3. The present per capita expenditure was \$410.

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4. The increase would raise the per capita expenditure to \$615.

The submission pointed out that the increase in per capita expenditures would still be substantially below those for the rest of the Indian and Eskimo population of Canada. In short, Newfoundland was to be allowed to continue to have less than similar per capita expenditures elsewhere in the country. Thus, Ottawa was acknowledging, at least within its own walls, that it was consciously supporting and advocating a policy of discrimination against the native people of Labrador.

Astonishingly, the request was turned back by Treasury Board. Civil servants in Labrador Services Division believe this action was taken because of unfavourable press in Ottawa at the time, accusing the Province of spending money designated for Indians and Eskimos in Labrador on other people in that part of the Province. Whether such is the case is not of major significance, however.

Following the decision by Treasury Board, the Department of Indian and Northern Affairs appointed a task force to go to Labrador and report its findings back to Ottawa. This group, in company with an officer of Labrador Services Division, paid a brief visit to parts of coastal Labrador in the summer of 1973. Its recommendation, upon return, was that the submission be again put forward, and it was subsequently resubmitted.

A Gross Error

In the view of the Commission, this submission,

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approved by the Department of Indian and Northern Affairs with the agreement of the Government of Newfoundland, is totally inadequate. Furthermore, it is the conviction of the Commission that the Province is in an extremely strong position to renegotiate the Agreement under much more favourable terms than it has had to now for the benefit of the people of northern Labrador.

It is therefore recommended by the Commission that the Province advise the Federal Government that it will not now be party to, or accept, present renegotiation of the Agreement as put forward to now to Treasury Board by the Minister of Indian and Northern Affairs.

The Rationale

A serious flaw in the original rationale for the sum proposed in Ottawa under the Agreement was that the calculations used internally by the Government of Canada, but never revealed to Newfoundland, provided that funding for Indians should be approximately one-third the funding for Eskimos on a per capita basis. This was in keeping with Federal practice then and at present, of making far lower per capita expenditures for Indians in the part of northern Quebec which Ottawa deemed most similar to northern Labrador and which was to serve as the basis for the grant system used in the 1965 Agreement. The formula--three times the per capita grant to Eskimos as to Indians--bears no relationship to actual costs of providing similar services in Labrador to both groups of people, nor would it have done so at the time of the signing of the Agreement.

The rationale for arriving at the maximum grant

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figure of \$1 million was not revealed to the Province at that time nor since then to now. It was prepared carefully and logically by knowledgeable Ottawa civil servants with senior administrative skills and extensive knowledge of northern Canada. Their conclusion was that the amount of the grant to Newfoundland could best be established by relating it to similar grants on a per capita basis provided to Indians and Eskimos in similar areas of Canada. Northern Quebec was designated, with considerable validity, as that area.

The Federal advisors, in preparing documentation for the Federal Cabinet, do not appear to have seriously considered using per capita cost figures for Indians in southern Canada or Indians and Eskimos in the Northwest Territories. Instead, they believed that per capita expenditures for Eskimos in northern Quebec, and for two bands of Indians in sub-Arctic Quebec, should form the basis for computing the grant to be given to this Province, for northern Labrador. It was logical at the time that northern Quebec should be selected as that part of Canada where there were "similar groups" to the Indians and Eskimos of Labrador, as it was generally believed that conditions for native people in the two areas were similar. Furthermore, Quebec was adjacent to Labrador and was the only other province in Canada where there was a substantial population of native Eskimos. The per capita expenditures for select bands of Indians and Eskimos in Quebec appear to have been accepted by the Federal Cabinet as the basis for determining the amount in the 1965 Agreement, and it was on this basis that the \$1 million grant was proposed.

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The formula was as follows:

Indians--Per Capita Expenditure, 1964

Irrelevant	\$262
	322
Average (for purposes of Agreement with Newfoundland)	<u>300</u>

Eskimo--Per Capita Expenditure, 1964

Irrelevant	\$922
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At that time, the Federal Government believed there were 450 Indians in Labrador and 900 Eskimos. They therefore applied the formula to Labrador with the following results:

Indians	450 x \$300	\$135,000
Eskimos	900 x \$922	<u>829,800</u>
		\$964,800*

Unacceptable Discrepancies

During the intervening years, two basic factors have occurred related to this formula which have not together

*The figure appears to have been rounded to \$1 million.

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been taken into account by either the Province or the Federal Government in spite of the fact they are irrevocably tied together. Those two factors are the increased Indian and Eskimo population of northern Labrador, and the increased per capita Federal expenditures for Quebec Indians and Eskimos, which have occurred since the 1965 Agreement. There is a major and serious discrepancy between the amount to which northern Labrador residents should be entitled under this Agreement and the amount which is now made available to them. This requires to be rectified immediately through renegotiation of the Agreement.

Furthermore, in the view of the Commission it is not in the best interests of the people of northern Labrador to have included under this Agreement any other groups of people outside Labrador, in spite of the fact that such a request from the Province was accepted by Ottawa in 1973. Such groups as the Irrelevant people may well be entitled to special Federal assistance, but for a variety of reasons the entitlement should be outside this Agreement. The Province should not have provided a disservice to northern Labrador people by including others under this Agreement to whom the original rationale for grants did not apply. This recently approved request from the Province could, in the views of the Commission, weaken the strong bargaining position it has vis-a-vis current grants to Indians and Eskimos in northern Quebec.

It is recommended by the Commission that the Province prepare immediately to renegotiate the Agreement. The renegotiated Agreement must provide for the Indians and Eskimos of Labrador what is rightfully theirs, not on the basis of an increase from a maximum of \$1 million to a maximum of \$1½ million, but on the basis of an increase at least between \$4½ million and \$6 million annually, which

TABLE II

PER CAPITA EXPENDITURES AS BASIS FOR 1965 AGREEMENT WITH NEWFOUNDLAND

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1972-73 PER CAPITA EXPENDITURES

	<u>1964 (Actual \$)</u>	<u>1972 (Actual \$)</u>	<u>1972 (Approved \$)</u>
INDIANS			
Irrelevant	262	1,137	997
	322	840	865
Average	300 (For purpose of Agreement with Newfoundland)	988	931
ESKIMOS			
Irrelevant	922		3,005

TABLE III
INDIAN AND ESKIMO POPULATIONS OF LABRADOR

	1964 (Federal Figures)	1973 (Federal Figures)	1973 (Provincial Figures)
Indian	450	635	730
Eskimo Innuuit	900	1,800	1,280

Provincial basis for determining Eskimo population, 1972-73

Two-thirds of the population of:	Irrelevant	800
		330
		300
		200
		150
		140
		<u>1,920 = 1,280</u>

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TABLE IV

Option 2

NEWFOUNDLAND ENTITLEMENT - 1973
BASED ON PROVINCIAL POPULATION FIGURES

Indians	$\$931 \times 730 (730)$	\$ 679,630
Eskimos	$\$3,005 \times 1,280$	3,846,400
	TOTAL	<u>\$4,526,030</u>

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TABLE V

Option 3

NEWFOUNDLAND ENTITLEMENT - 1973
BASED ON OTTAWA FIGURES FOR INDIAN AND ESKIMO
POPULATIONS OF LABRADOR

May, 1973

Indians	635 x 931	591,185
Eskimos	1,800 x 3,005	<u>5,409,000</u>
	TOTAL	6,000,185

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is the minimum sum to which the people of northern Labrador are entitled, with such Agreement to be reviewed every two years. Furthermore, it believes it in the best interest of the Province and Ottawa to have clarified, and made public, additional programs of aid which are available direct to Indians and Eskimos elsewhere, and for which there is apparently no legal or policy basis in Ottawa for exclusion of Labrador people but which, at the time of the establishment of this Commission, had been denied to them.

The Basis for Renegotiation

The Province should now face the options open to it in renegotiating this Agreement.

1. It could suggest (as has been supported by officials of the Government of the Province to now, in recent negotiations) that Ottawa take into account increased populations in northern Labrador, in increasing its maximum annual grants. In the view of the Commission, such action on its own is highly unsatisfactory and the Province must immediately withdraw from that position.
2. It could renegotiate the Agreement for Indian and Eskimo people of Labrador on the basis of the per capita expenditures now made by the Federal Government in northern Quebec for the Eskimos of that region, and for the **Irrelevant** Indian band and the **Irrelevant**, using current Provincial Government population figures for Indians and Eskimos in Labrador. (See Tables II and III) Under this formula, the amount of transfer payment to the Province would be \$4,526,030. (See Table IV)

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3. It could renegotiate on the same basis as Option 2 above, but using northern Labrador population figures provided to the Federal Treasury Board in May, 1973, by the Minister of Indian and Northern Affairs. (See Tables II and III) Under this formula the amount of transfer payment to the Province would be \$6,000,185. (See Table V)
4. It could renegotiate on the basis of a new formula which would press for a closer alignment between the per capita expenditure on Indians and on Eskimos in northern Labrador. Current per capita expenditures for Eskimos in northern Quebec appear to represent fair cost-of-service levels for Eskimos in northern Labrador. Costs for services to Indians in Labrador on a per capita basis are essentially the same as those for Eskimos in that part of the Province; therefore, the per capita figures of current expenditures in the two comparative regions of Quebec should be scrapped, and a new basis arrived at for per capita expenditures for northern Labrador Indians. This would serve to bring the grant to a more realistic true cost level.
5. It could attempt to establish a per capita grant system based on such expenditures in the Northwest Territories.

In the view of the Commission, any of the last four options would be satisfactory. Options 2 and 3 would be the easiest to renegotiate, and would provide the Province with a minimum of four and a half times the current revenue it receives for this purpose from Ottawa, and a maximum of six times that amount on a sustaining or increasing basis year after year. Option 4 might well be difficult to negotiate, no matter how unrealistically actual costs are reflected under the present Agreement on a per capita basis for Indians. This alternative could provoke a similar request for action from the Indians of northern Quebec, whose hostility to both levels of Government over irrelevant hydro-development is already, and properly, a

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matter of considerable concern in Ottawa. The Commission believes, however, that this concern will lead to substantially increased grants to the Indians of that area for some years to come and that, in fact, it is possible that the present gap in per capita expenditures for Indians and Eskimos in northern Quebec is about to narrow considerably.

The Commission is not in a position to estimate the amount of transfer payments which could accrue to the Province under Option 4.

Option 5 is likely to provoke most resistance from Ottawa. Its implementation would most certainly result in strong demands from Quebec that it receives similar treatment for its northern Indians and Eskimos as that being afforded Indians and Eskimos of Labrador--in the eyes of Newfoundland, a welcome reversal of precedent!

Other Matters Related to the Agreement

Finally, the Commission finds itself unable to determine a sound rationale for the practice under this Agreement of having the Province pay a percentage of cost for services to Indians and Eskimos. This is not the practice in other parts of Canada. In the view of the Commission, the Federal Government, as it does elsewhere, should be prepared to accept full fiscal responsibility, unless the Province wishes to ensure its continued direct involvement in the program for Indians and Eskimos of Labrador through sharing part of the cost.

No matter which option the senior Governments

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agree to pursue, the essential and over-riding fact is that the Indian and Eskimo people of Labrador are not now receiving anything like the benefits which would be available to them under Federal Government financing elsewhere in Canada. It is not only on the grounds of economics that the Commission holds the view that there is immediate urgency to the Province renegotiating this Agreement. It believes that the Federal Government has acted in an improper manner in failing to provide the more equitable financing to the people of northern Labrador which is their just and legal right. The Province would be morally reprehensible if it did not press for change with all speed and determination. The level of services for the people of northern Labrador can and must immediately be made substantially more in line with those available to Indian and Eskimo people in other similar parts of northern Canada.

The Implications

In view of recent experiences elsewhere in North America, the Province can reasonably expect demands from its Indian and Eskimo citizens for more responsibility for their own affairs than they have had in the past. Indeed, the Indian people of North West River, in appearances before the Commission, made a number of such recommendations, including one that the Province establish a separate Department of Native Affairs and another that, as an alternative, the Indian people of Labrador become the direct responsibility of the Government of Canada.

It is the view of the Commission that the Indian and Eskimo people of Labrador would not benefit over the long run by losing their ties with the Province. At the

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same time, their recommendations come obviously from a reasonable and understandable desire for more involvement in decision-making of many kinds, and easier access to the variety of sources of funds they are becoming increasingly aware are available to Indians elsewhere. The recently formed Native Association of Newfoundland and Labrador, and the Eskimo group, Innuvit Tapirisat, can be expected to provide a stronger focus in future for the demands of the native people of Labrador. Furthermore, they will not be performing their function properly if they do not keep their members informed of activities, programs and sources and amounts of funding available to Indians and Eskimos elsewhere in Canada.

Inaction on the part of the Province in renegotiating the Agreement, or failure to use the monies for the purposes for which the people of northern Labrador believe they should be used will bring growing criticism and anger directed toward the Province. The basic mechanism for effective and meaningful involvement of local people, which the Commission believes is essential and overdue, is provided for in the recommendation that Labrador Services Division become a crown corporation. In the interim, and because the present Agreement is a cost-sharing one, the Commission recommends that the Province provide funds in its 1974-75 main estimates to cover its additional fiscal obligations under the readjusted Agreement.

The Resulting Dilemma

The Province will now be faced with a dilemma; the more it is able to obtain through Federal grants to Newfoundland for northern Labrador, the more the long-

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standing problems of neglect of southern Labrador cry out to be redressed, and the more vocal and angry residents there will feel about discrimination in terms of the north. By acceptance of other recommendations, in the Commission Report, the Province could provide the devices through which many of these long-standing problems could begin to be resolved.

In the view of the Commission, any increase in services to northern Labrador presupposes a concomitant obligation for similar levels of service along other parts of the coast. This will mean heavy Provincial expenditure, with substantially increased Federal participation for some years to come. In the view of the Commission, neither level of Government must be allowed to escape the costs of previous neglect of most of the rest of coastal Labrador.

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51. The Commission recommends the immediate establishment of a regional office for education in Happy Valley/Goose Bay, with adequate budget, staff and authority to work towards bringing Labrador's education at least to minimum standards accepted elsewhere.

HEALTH SERVICES

52. The Commission strongly recommends that the Province provide medically-authorized air transportation services free within the Province to all residents of Labrador.
53. The Commission recommends the immediate provision of full nursing station facilities, with adequate staff and equipment, at Davis Inlet, [irrelevant]
[irrelevant].
54. The Commission recommends the establishment of fully equipped clinics at [irrelevant], and the upgrading of the facility at [irrelevant] to a nursing station if and when it becomes a permanent community.
55. The Commission recommends that the Paddon Memorial Hospital become the medical and administrative centre for the entire central and north coastal area of Labrador, with sole responsibility for acute treatment services. As an acute treatment centre for the northern region, as well as for the immediate environs, Happy Valley/Goose Bay should be the base for air ambulance service, travelling doctors and dentists, and for nursing supervisors.

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56. The Commission recommends that communities served by IGA nursing stations be provided with radio-telephone sets on IGA frequency with priority assigned to communities in which the only resident medical staff are lay dispensers.
57. The Commission recommends that provision be made for coastal representation on an enlarged community health council.

WELFARE SERVICES

58. The Commission recommends that the regional administrator and his staff prepare a clear, uniform outline of procedures to be followed in dealing with social assistance, and that this information be given wide circulation in the communities where there is no resident welfare officer.
59. The Commission recommends that the Province provide a higher rate of social assistance to recipients in Labrador, in recognition of the higher expenditures on food and clothing only, and that this increase should be 10 percent, which is approximately the average additional expenditure between St. John's and Labrador.
60. The Commission recommends that the allowance paid to recipients in Labrador be determined on the basis of actual costs of utilities, maintenance and fuel, and adjusted on the basis of the recipient's actual circumstances. There should further be regulations to provide recipients with a special grant over and above the flat monthly rate, to meet costs of replacing essential items such as heating and cooking units, and basic furniture.

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FEDERAL-PROVINCIAL AGREEMENTS

250. The Commission recommends that in the interim, and until such time as the Department of Inter-governmental Affairs, and the Crown Corporation for Labrador services are established as proposed by this Commission, the Province make strong representation to the Federal Government to expand and upgrade its representation on the committee.
251. The Commission recommends that eligibility to specified communities under the Agreement be dropped immediately so that the Governments can meet their original intent of providing for the Indians and Eskimos of Labrador.
252. The Commission recommends that the Province advise the Federal Government that it will not now be party to, or accept, present renegotiation of the Agreement as put forward to now to Treasury Board by the Minister of Indian and Northern Affairs.
253. The Commission recommends that the Province prepare immediately to renegotiate the Agreement. The renegotiated Agreement must provide for the Indians and Eskimos of Labrador what is rightfully theirs, not on the basis of an increase from a maximum of \$1 million to a maximum of \$1½ million, but on the basis of an increase at least between \$4½ million and \$6 million annually, which is the minimum sum to which the people of northern Labrador are entitled, with such Agreement to be reviewed every two years.
254. The Commission recommends that the Province provide funds in its 1974-75 main estimates to cover its additional fiscal obligations under the readjusted Agreement.

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255. The Commission recommends that the Province, through the Department of Rural Development and the Planning and Priorities Secretariat of the Executive Council, begin immediately to develop, in conjunction with the Department of Regional Economic Expansion, a sub-agreement based on the concept of area development along the Labrador coast, encompassing desirable features of the Western Northlands program and the proposed Regional Communities Development Initiatives program of DREE.
256. The Commission recommends that the Province give immediate consideration to wishes of northern residents, as expressed to the Commission, to resettle in the Okak Bay-Cape Mugford area.

LOCAL GOVERNMENT

257. The Commission recommends that the Province amend the Local Government Act to limit the length of time that a local improvement district can operate, by requiring that after a maximum of five years under this form of government residents be offered, through a referendum, the choice of full municipality status.
258. The Commission recommends that the Department of Municipal Affairs ensure that residents have access to the information on which to base their decisions.
259. The Commission recommends that community interpreter service be established in each of the northern Labrador communities requiring such services.

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260. The Commission recommends that the Province engage the Faculty of Engineering at Memorial University to design community service facilities for remote settlements in Labrador.
261. The Commission recommends that the Province develop immediately a remote settlements policy which will apply to all Labrador settlements not connected by road, to provide funds, training, equipment and facilities to offer basic community services.
262. The Commission recommends that the facilities provided through the proposed remote communities policy include basic, appropriate fire-fighting equipment.
263. The Commission recommends that the office of the Provincial Fire Marshal be instructed to develop and implement a program of training in fire prevention and fire-fighting in remote settlements.

FEDERAL SERVICES

264. The Commission recommends that Canada Manpower establish a radio network immediately connecting its coastal representatives with Happy Valley/Goose Bay, where necessary.
265. The Commission recommends that the Federal Government announce its Local Initiatives Program sufficiently far in advance so that applications can be processed and approved by August of each year and that starting dates be more flexible.

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266. The Commission recommends that the Province, in conjunction with the Federal Government, assess community needs in central and coastal Labrador and formulate a five-year plan for use under the Local Initiatives Program.
267. The Commission recommends that the Province negotiate with the Federal Government to establish a regional Unemployment Insurance office at Happy Valley/Goose Bay.
268. The Commission recommends that the Province negotiate with the Federal Government with a view to stationing an Air Search and Rescue Unit at Goose Bay on a year-round basis.
269. The Commission recommends that the Province negotiate with the Federal Government with a view to establishing a more substantial Canadian Armed Forces presence at Goose Bay as a base for northern field exercises.
270. The Commission recommends that the Province negotiate with the Federal Government with a view to ensuring participation by the Department of National Defence in the construction and maintenance of airstrips in Labrador.
271. The Commission recommends that the Province negotiate with the Federal Government in order to have the Canada Post Office facilities provided in line with community needs in coastal Labrador, and staff paid according to actual responsibility and work load.
272. The Commission recommends that the Province negotiate with the Federal Government with a view to establishing an Environmental Control Office at Happy Valley/Goose Bay.