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HEALTH CANADA / INAC LABRADOR INNU LEDGER EXERCISE

ANALYSIS:

In June, 2001, Cabinet approved the Labrador Innu Comprehensive Healing Strategy (LICHS) to address the gas-sniffing crisis that emerged in the two Innu communities of Davis Inlet and Sheshatshiu. Cabinet approved funding to three federal departments over three years including $59 million to Indian and Northern Affairs Canada (INAC), $20 million to Health Canada (HC), $2 million to the former Solicitor General.

In response to the crisis, and as a part of the LICHS led by HC, 19 high risk children from Sheshatshiu were taken to Goose Bay and 37 children from Davis Inlet were taken to St. John's for stabilization, detoxification and medical and psycho-social assessment.

The question of who had program responsibility for the health of the affected children (INAC or HC) was not resolved at the time. In response to the immediate need for action, it was decided that HC and INAC would incur the necessary expenditures on the understanding that the two departments would reconcile expenditures once the immediate crisis had passed. This reconciliation is referred to as the "Ledger Exercise".

In November of 2003, HC submitted a ledger sheet to INAC seeking ***$10,537,849*** for expenditures incurred in responding to the health and social crisis in the two Innu communities from August, 2001 to March, 2003. The expenditures are composed of five items:

1. ***$1,527,069*** - construction of additional office space and accommodation at Natuashish to compensate for inaccessibility to the existing nursing station and nurses' living quarters that have been occupied by Health Labrador.

2. ***$4,563,314*** - for alternate living arrangements for the Sheshatshiu and Mushuau Innu youth post-Grace Hospital (November 2000 to March 2001).

3. ***$1,153,682*** - for social / detoxification costs associated with the stay at Grace Hospital after April 1, 2001.

4. ***$1,563,784*** - for social services costs, independent living arrangements for Sheshatshiu youth after April 1, 2001.

5. ***$2,230,000*** - for alternative living arrangements for Mushuau Innu youth in Goose Bay post Grace Hospital Natuashish .

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Regarding #1, INAC will build additional office space/housing for HC through the housing amendment to the Mushuau Innu Relocation Agreement (MIRA) which was approved by Cabinet in June 2003. INAC and HC also worked out an arrangement for HC space in the proposed Sheshatshiu RCMP detachment that would only cost HC $500K.

Atlantic regional social specialists have reviewed HC's request for compensation/ reimbursement and determined that there is no provision within the department's Social Development program to pay for the alternate accommodation and services the Innu youth received while in care outside of their communities. Children are minors and are not entitled to Social Assistance (shelter) as individuals and under INAC's Child & Family Services' (CFS) authority, the children would have to have been taken into care (formally apprehended) before reimbursement of any kind of social "treatment" costs could be considered.

Region met with HC on February 12, 2004, and explained INAC's findings. Although HC did not expect to receive the full $10.5M, they will be disappointed that INAC's recommendation is that they receive no compensation. It should be noted that there remains a difference of opinion as to the definition of "social costs", which has been a longstanding, unresolved debate between the two departments. HC believes that these "social costs" are within INAC's CFS authority/purview, while INAC maintains that they fall under the domain of medical services.

There is agreement at the regional level that this matter has been given due consideration. The expenditures incurred were a result of Canada's commitment (not INAC's) to address this urgent social matter regardless of respective departmental mandates. The expenditures incurred were out of regular HC program budgets and do not appear to have adversely affected other HC program areas.

RECOMMENDATION:

- That the ADM's of Corporate Services and SEPP support the regional recommendation that the expenditures incurred, while appropriate and necessary, do not require any subsequent transfers between departments to close this matter. A draft letter to this effect to Ian Potter is attached for review/ approval.

- That if there is consideration of any compensation, that there is no capacity to resolve this financial issue within the region and that it (or a portion thereof) would constitute a significant funding pressure in a very constrained financial environment.

- Remind HC that INAC is ensuring they have adequate nursing space (at INAC's expense) for the office / living space they lost in Natuashish.