

From: [Mackenzie, Dan](#)
To: [King, Cynthia](#); [Dow, Sara](#); [Harvey, Brian](#); [Bryant, Lynn](#); [Nolan, Paul](#)
Cc: [Kennedy, William P](#); [Barrowman, Barbara G.](#)
Subject: FW: 2015-2016 INAC Agreements with NL
Date: Monday, February 22, 2016 4:46:52 PM
Attachments: [AMHERST-#564803-v2-2014-2015 PROVINCE OF NEWFOUNDLAND AND LABRADOR COMFO....docx](#)
[Innu Zone Oper Cost Summary.xlsx](#)

FYI. Email I sent to Amherst on Friday afternoon past.

Dan

From: Mackenzie, Dan
Sent: Friday, February 19, 2016 4:12 PM
To: Stephen Dunne (Stephen.Dunne@aandc-aadnc.gc.ca); Karen Rushton (Karen.Rushton@aandc-aadnc.gc.ca)
Cc: Barrowman, Barbara G.; Kennedy, William P
Subject: 2015-2016 INAC Agreements with NL

Good afternoon Stephen and Karen,

Thank you for the opportunity for the Government of Newfoundland and Labrador to review the 2015 – 16 agreements relating to (i) Natuashish Airport, (ii) Income Support, and (iii) Child Youth and Family Services. I have reviewed these agreements in consultation with the various line departments responsible for program implementation, as well the Department of Justice and Public Safety and the Labrador and Aboriginal Affairs Office.

I will offer specific comment on each of the agreements below for your individual consideration, but I will start with some broader commentary. As a general point, the Province continues to find challenge with the construction of these agreements and notes that from an intergovernmental affairs perspective, the language of the 'template' used by Indigenous and Northern Affairs Canada is an inappropriate construction for a relationship between two orders of Government.

As noted in the past, clauses pertaining to amounts owing, set off, survival of sections, default, audit and evaluation, conflict of interest provisions regarding federal officials, reporting, holdback, and others conflict with the policy parameters of our Government in relation to intergovernmental agreements. Repeatedly, NL has made efforts to describe our concerns with the INAC template used, but we have been unable to achieve a substantive negotiation of these sections. I agree with you both wholeheartedly that NL and INAC must do better to execute these agreements on a more timely basis and would recommend we engage in more in depth negotiations as early as April 2016 to ensure we can progress the 2016-17 agreements. For our part, we would be pleased to receive representatives from INAC at that time to discuss a path ahead and would encourage INAC to include not only staff from the regional office in Amherst, but also your head office in Ottawa so that all parties are capable of engaging in a fulsome dialogue and exchange in accordance with the authorities both branches of organization possess. For 2015-2016, we are agreeable to the proposed comfort letter provided to me for review by your office on January 13, 2016 which is attached above as a measure to address our immediate concerns with this year's agreements.

With respect to the individual agreements, NL would offer the following observations, a number of which are administrative in nature which INAC can hopefully address for 2015-16. Other matters included and omitted for future discussion are addressed by the comfort letter and are suited for our discussions in April. My feedback below is in reference to the draft agreements sent to me on January 18, 2016 by Dale MacArthur.

Issues Common to all 3 Agreements

- Municipal and Intergovernmental Affairs designation must be changed to Intergovernmental Affairs Secretariat throughout.
- The listing of the Parties as well as the signature blocks in all three agreements should refer to NL using “Her Majesty the Queen in Right of Newfoundland and Labrador” as represented by the Minister for Intergovernmental Affairs and the Minister of [insert responsible department].”
- It is NL’s preference to have any documents referred to in the text of either agreement, be appended and incorporated into the agreement as an annex or schedule. Specifically, the Reporting Guide referred to in all three agreements, as well as the National Manuel, referred to on page [21] of the CYFS agreement.

Natuashish Airport:

6.1.1:

- the word “ensure” should be replaced with “require”. We understand that this issue has been raised in past agreements and that Amherst has been unable to make this change since it was not approved by Ottawa. In any event, we would like to point this out again and suggest that “require” is the more accurate and realistic term.

DIAND-2 – Funding:

- Consultations with NL’s Department of Transportation and Works (TW) have concluded that the department requires \$266,245.14 for 2015/16 and not \$218,561.11 as currently in the draft agreement. TW has indicated that Jason Williams has already had discussions with the federal government about this. Should you have any questions about the actual costs being incurred by TW for the Natuashish Airport you can contact Jason at (jasonwilliams@gov.nl.ca).

DIAND-4 (P.20):

- In the text of the agreement it specifies report to be provided after 120 days. Yet the “reports due” in DIAND-4 only provides for approximately 90 days. The Department has indicated that they require DIAND-4 to be modified to provide 120 days.

Income Support:

DIAND-2 – Funding:

- In the 2014/15 Agreement SET funding was \$640K and FIXED funding was \$127K.

- In the 2015/16 draft Agreement, SET funding is \$562,000 and FIXED funding is \$127K, according to section 2.1 (a) and (b) on page 18. However, NL notes that there are inconsistencies between the DIAND-2 figures on page 18 and the tables in Schedule FED-1 on pages 12 and 13, where SET funding is listed at \$480,000 and FIXED funding as \$127,000, for a total of \$607,000.
- Following consultations with the Department responsible for this agreement, we have determined that the amount of \$607,000 is sufficient to cover the costs since there has been a reduced caseload for 2015/16.

4.6.3:

- NL's preference is to include a provision that would see the federal government notify the Province of an event of default and offer 30 days to rectify any issues: such language is common in intergovernmental agreements and should not present a problem.

Child Youth and Family Services:

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Main Section of Agreement:

- Subsections 1.1.1 and 12.3.1 refers to subsection 4.3.4 (Federal Government's obligation to provide NL with notice of receipt within 30 days of receiving Final Reports). We believe these are typos and these sections should refer to Subsection 4.3.3 (Possibility for the federal government to extend the deadline to submit reports). This is consistent with the 2014-15 agreement.

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Schedule DIAND-2:

- In Subsection 4.4.1 there is a reference to Section 4.6. There is no section 4.6, and this should refer to section 4.5 as it did in the 2014-15 agreement.
- In Subsection 4.5.1 and 4.5.2 there is a reference to 4.5 (Reimbursement of Unexpected Fix Funding). However, these are typos and the references should be to 4.4

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Schedule DIAND-3:

- A portion is not included in the draft agreement. Specifically, the section on "Program Delivery and Reporting Requirements" that was included in the 2014-15 agreement is not included in the 2015-16 agreement and maybe an error of omission.

Funding Issues:

With respect to the funding provided for the CFYS agreement, the Department has flagged a major concern with the annual amount provided for operations which is \$970,415. The Government of Newfoundland and Labrador has been underfunded significantly for this component since the agreement was first signed.

- The total amount for operations does not increase annually and does not keep up with rising costs. For example, rising costs associated with travel, salaries and benefits and all other expenditures related to service delivery in a rural and remote community well

exceeds funding for operations in Natuashish and Sheshatshiu. In 2015-16 provincial expenditures for operations is projected to be \$2.9M, almost \$2M more than what we will receive in operations funding. A table outlining these costs, as well as costs for past years is attached for information.

- The number of children and youth in-care in NL is increasing at an average rate of 6% year over year. Aboriginal children and youth comprise approximately 30% of children and youth in care, increasing our costs for the provision of services as increased caseloads requires more human resources.
- A Canada-wide one size fits all formula to determine the appropriate level of operations funding is inconsistent with the diverse and unique requirements of communities across Canada, as well as service delivery in rural and remote northern communities. Recruitment and retention of social workers and clinical program supervisors on the Labrador coast present ongoing challenges, particularly in Natuashish and Sheshatshiu. To ensure that vital child protection services are provided to these communities on a continual basis, the Department has had to implement a number of initiatives which have considerable impact on expenditures related to operations:
 - A retention bonus has been created for social workers and clinical program supervisors.
 - Given the lack of housing available within the communities, CYFS funds accommodations.
 - To help alleviate the financial burden of residing in rural and remote northern communities, Enhanced Labrador Benefits have been implemented for social workers and clinical program supervisors.
 - In an effort to stabilize staffing in the community of Natuashish, the Community of Natuashish Service Enhancement Program (CONSEP) was implemented. This program is a fly-in, fly-out arrangement which includes two teams, each comprised of a Clinical Program Supervisor and two Social Workers who fly into the community on a two-week rotational basis to provide child protection services. While NL was only able to recruit a single Social Worker to the community prior to the launch of CONSEP, there is now a staff complement of three social workers in the community as well as a clinical program supervisor at all times. An increased and consistent presence of social workers in the community has facilitated improved service delivery by ensuring that each social worker can devote additional time to their clients.
- Without these vital initiatives, recruitment and retention of social workers and clinical program supervisors would not be possible.

- Unlike many First Nations communities across Canada, child protection services are delivered by the provincial government. The Province has taken a number of important steps to build a positive working relationship with the Innu Nation, all of which require significant resources and support from provincial office staff.
 - A Working Relationship Agreement was signed between CYFS, SIFN, and MIFN to improve service coordination and information sharing through a joint committee process which has clearly defined case planning and coordination functions for CYFS and Innu officials. In partnership with SIFN and MIFN, CYFS developed a companion service delivery handbook, which provides specific examples of how CYFS and the Innu Nation will work together. Managing and building positive relationships with the Innu Nation at Regional as well as Senior Management and Executive levels are vital to ensuring child protection services can be delivered in an efficient and culturally appropriate manner in Natuashish and Sheshatshiu. The Regional Director for Labrador as well as the Assistant Deputy Minister of Service Delivery and Regional Operations spend considerable time and effort working toward this vital goal.
 - In addition to ensuring all programs, policies and services are consistent with leading research and best practices in the area of child protection, CYFS also has an Aboriginal Consultant to ensure its programs and policies are reflective and appropriate given the cultural heritage of the Innu Nation.

Given the above, NL notes that the continued underfunding of the operational component of this agreement is a significant matter that requires adjustment. Given the late receipt of the draft 2015-16 agreements, we would argue these additional funds should be provided for the 2015-16 fiscal year and carried forward for 2016-17 and on a cost recovery basis thereafter. The Department's contact for this matter is Mr. Paul Grandy, Director Financial & General Operations, Child, Youth and Family Services PaulGrandy@gov.nl.ca and tel: (709) 729-0276

I thank you for attention. I would be pleased to discuss this matter with you further at a mutually convenient time.

Best regards,

Dan MacKenzie
Director, Social and Economic Policy
Intergovernmental Affairs Secretariat
Government of Newfoundland and Labrador
T: 709 729 6267
E: danm@gov.nl.ca

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CIDM #564803

Mr. Aubrey Gover
Deputy Minister
Executive Council
Labrador and Aboriginal Affairs Office
Executive Council
Intergovernmental and Aboriginal Affairs Secretariat
Government of Newfoundland and Labrador
PO Box 8700
St. John's NL A1B 4J6

Dear Mr. Gover:

**Funding Agreements for Natuashish Airport,
Child, Youth and Family Services, and Income Support**

I am writing to confirm Indigenous Affairs and Northern Development Canada's understanding on the interpretation and application of the following agreements:

- The proposed Provincial and Territorial Government Funding Agreement for the Province of Newfoundland and Labrador -Airport for Natuashish for 2015-2016;
- The proposed Provincial and Territorial Government Funding Agreement for the Province of Newfoundland and Labrador -Child, Youth and Family Services for 2015-2016; and
- The proposed Provincial and Territorial Government Funding Agreement for the Province of Newfoundland and Labrador -Income Support for 2015-2016.

The Province has expressed concerns that the following clauses within its funding agreement with Indigenous Affairs and Northern

Development Canada are more appropriate for inclusion in a funding arrangement with a third party than with a provincial government:

- 5.1 Amounts Owing to Canada;
- 5.2 Amounts Owing to Her Majesty the Queen;
- 5.3 Set Off Amounts;
- 5.4 Survival of Sections 5.1 and 5.3
- 8.0 Default;
- 12.5.1 Audit and Evaluation; and
- 12.8.2 Conflict of Interest Provisions Regarding Federal Officials.

Please be assured Indigenous Affairs and Northern Development Canada, in keeping with the spirit and intent of section 3.3.A of the Federal Directive on Transfer Payments, will interpret and apply the provisions of these agreements in a way that respects “the unique nature of federalism and government-to-government relations, and the jurisdiction and responsibilities of each order of government.”

Further, as per section 6.7.1 of the Federal Directive on Transfer Payments, Indigenous Affairs and Northern Development Canada will apply and interpret these agreements based on “respect for the jurisdiction and responsibilities of each order of government and respect for the accountability mechanisms of each order of government.”

If you have any further questions regarding these agreements, please contact Stephen Dunne at 902-661-6343 or via email at Stephen.Dunne@aandc-aadnc.gc.ca.

Sincerely,

Christopher McDonell
Regional Director General
Indigenous Affairs and Northern Development Canada - Atlantic
PO Box 160
AMHERST NS B4H 3Z3

	2015-16 Projected	2014-15 Actual	2013-14 Actual	2012-13 Actual
Expenses				
Electricity	2,958	10,181	7,500	7,450
Insurance	7,725	12,162	11,588	11,875
Janitorial	23,731	67,407	18,500	31,827
Miscellaneous	11,979	15,289	7,503	3,679
Municipal Fees - Water	667	-	2,292	2,500
Office Supplies	10,744	10,252	14,018	16,241
Postage Courier	8,421	8,146	7,369	4,420
Rent	52,427	105,142	63,600	63,600
Repairs and Maintenance	1,379	100	6,000	6,223
Salaries and Benefits	2,152,078	1,505,348	1,968,775	1,489,103
Supplies	27,163	22,348	21,611	12,584
Snow Removal	4,000	6,000	6,000	6,000
Telephone	29,166	17,832	20,846	17,043
Travel	187,183	165,472	115,134	36,253
Total Operating Expenses	2,519,621	1,945,679	2,270,735	1,708,798
Allocations				
Executive Office	42,336	36,424	36,659	36,384
Corporate Services	21,147	20,015	20,182	20,657
Program Development and Planning	40,331	6,590	47,195	6,492
Regional Costs	151,533	146,394	114,144	104,997
Justice	112,619	112,619	112,619	112,619
	367,966	322,042	330,799	281,150
Total	2,887,587	2,267,721	2,601,534	1,989,948
Funding Provided By AANDC For Operations	970,415	970,415	970,415	970,415

Notes

1. The total operating expenses are the expenses that were reported to AANDC for each fiscal year (Except 2015-16)
2. The allocations were not included in any reporting to AANDC.
3. The allocations are based on the budgted salary for each position, not actuals. There may be some differences from actuals.