

**HOUSE OF COMMONS
STANDING COMMITTEE ON ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT**

BRIEF RESPECTING SOCIAL HOUSING IN NUNAVIK

Makivik Corporation
Kativik Regional Government
November 19, 1998

INTRODUCTION

On May 19, 1998, Makivik Corporation (hereinafter "Makivik") and the Kativik Regional Government (hereinafter the "KRG") had the opportunity to present to this Committee their concerns regarding Canada's failure to respond to the issue of the lack of new social housing in Nunavik.

Since then, Makivik has, pursuant to section 3 (Consultations) of Annex 'H' of *the Agreement Respecting the Implementation of the James Bay and Northern Québec Agreement* between Her Majesty the Queen in Right of Canada and Makivik Corporation (the "1990 Implementation Agreement") entered into on the 12th day of September, 1990 [Exhibit 1], instituted by letter dated June 11, 1998 from Zebedee Nungak, then-President of Makivik, to the Honourable Jane Stewart, Minister of DIAND (Department of Indian Affairs and Northern Development (hereinafter "DIAND"), the Dispute Resolution Mechanism (hereinafter the "DRM") regarding the following dispute: namely, that Canada has a legal obligation to provide social housing to Inuit of Nunavik. (see Annex 12) Although the timeframe foreseen in the DRM for resolving a dispute through consultation is sixty (60) days, to date no meetings with DIAND have taken place on this issue, with Canada twice asking us to grant delays.

In 1981, it was the actions of the House of Commons Standing Committee on Aboriginal Affairs and Northern development following hearings with Makivik representatives and those of the Crees that helped 'kick start' the process that led to the *James Bay and Northern Québec Agreement Implementation Review Report of February 1982* (hereinafter the "Tait Report ") [Exhibit 2] and ultimately the "catch-up" program of housing in Nunavik. However, this catch-up phase has now been completed since 1995 and for the last three years no new social housing units have been built or renovated. We hope once again that this Committee can assist us to spark action on behalf of Canada.

Our request is simple. We want Canada to live up to its obligations toward Inuit of Nunavik. We want Canada to contribute on an ongoing basis to solving our social housing needs.

THE ISSUE

In February 1996, Makivik formally requested through the Federal Implementation Forum established pursuant to the 1990 Implementation Agreement that either DIAND or the Canada Mortgage and Housing Corporation ("hereinafter "CMHC") participate in a working group composed of the Société d'Habitation du Québec (hereinafter "SHQ"), KRG and Makivik, to develop a new social housing program for Nunavik. SHQ had at the time already indicated its willingness to participate in such a group.

This request stemmed from the fact that as of 1995, no further social housing was foreseen to be built in Nunavik; notwithstanding that there was a recognized need for such housing. In fact, it was hoped that such a working group would work on a number of issues relating to housing including not only social housing but such issues as private housing, rent regulation, "old age" homes, etc.

Our request to Canada was based not just on a moral obligation but on the legal obligation that under the *James Bay and Northern Québec Agreement* (hereinafter "JBNQA"), specifically under sections 2.12 and 29.0.2, programs that were applicable to Indians were to be made applicable to Inuit. As Canada continued to maintain a social housing program for Indians, we considered that a like program should be made available to Inuit beneficiaries of the JBNQA. Sections 2.12 and 29.0.2 of the JBNQA read as follows:

Section 2.12 of the JBNQA

"Federal and provincial programs and funding, and the obligations of the Federal and Provincial Governments, shall continue to apply to the James Bay Crees and the Inuit of Québec on the same basis as to the other Indians and Inuit of Canada in the case of federal programs, and of Québec in the case of provincial programs, subject to the criteria established from time to time for the application of such programs."

Section 29.0.2 of the JBNQA

"Programs, funding and technical assistance presently provided by Canada and Québec, and the obligations of the said governments with respect to such programs and funding shall continue to apply to the Inuit of Québec on the same basis as to other Indians and Inuit of Canada in the case of federal programs, and to other Indians in Québec in the case of provincial programs, subject to the criteria established from time to time"

for the application of such programs, and to general parliamentary approval of such programs and funding."

The response of the federal government to date reflected in letters received from both Jane Stewart, Minister of DIAND (letter dated January 5, 1998) [Annex 1] and from her predecessor, Ron Irwin (letter dated December 16, 1996) [Annex 2] is that Canada has no legal obligation in this regard.

The request was made by our Inuit Negotiator¹ to Mr. John Sinclair, Assistant Deputy-Minister of DIAND, then responsible for the ongoing federal organization and structure foreseen in the 1990 Implementation Agreement, at a meeting held on February 22, 1996. At that time it was believed that we would be given a response by March 22, 1996. Soon thereafter a meeting was held between our Inuit Negotiator and representatives of DIAND and an exchange of documents regarding "Chronology of Events re: Housing in Nunavik" prepared by DIAND [Annex 3] and a report entitled "Housing in Nunavik" tabled by Makivik [Annex 4] were exchanged on March 1, and March 6, 1996, respectively. This latter report was based primarily on the relevant portions of a report regarding housing in Nunavik that was submitted to the Government of Québec by Makivik and KRG in 1994 as part of the ongoing provincial implementation of the JBNQA.

As noted in the chronology prepared by DIAND, in 1981, Canada and Québec entered into a Transfer Agreement between Canada and Québec dated February 13, 1981 [Annex 5], whereby Canada transferred, among other infrastructure, ownership and responsibility for housing to Québec.

Canada took the position at that time that this was the only way to satisfy the 'unified system' foreseen in section 29.0.40 of the JBNQA.

¹ As defined in the 1990 Implementation Agreement, 'Inuit Negotiator' means the person appointed by Makivik on March 8, 1988 to represent the Inuit of Québec for purposes of the JBNQA Implementation Negotiations, or his successor, presently Bernard Pennee.

Section 29.0.40 of the JBNQA reads as follows:-

"29.0.40. The existing provision of housing, electricity, water, sanitation and related municipal services to Inuit shall continue, taking into account population trends, until a unified system, including the transfer of property and housing management to the municipalities, can be arranged between the Regional Government, the municipalities and Canada and Québec."

Makivik, on behalf of Nunavik Inuit, opposed the Transfer Agreement as a unilateral act by Canada, arguing at the time that Canada should have required Québec to maintain specified level of services and housing construction as a condition of the transfer and that the Inuit should have been a formal party to the Agreement. Moreover, Makivik believed that the 'unified system' referred to in section 29.0.40 did not necessitate Québec assuming responsibility for the programs and services previously provided by Canada. In fact, we believed that Québec's participation was intended to accelerate and enrich ongoing federal programs, not replace them.² KRG also declined to support the execution of the Transfer Agreement.³

Subsequent to the Transfer Agreement, Québec then entered into administrative agreements with the Nunavik municipalities whereby each of the municipalities acted as the 'housing authority' in the respective communities. (For a model of such agreement, see Annex 6).

In discussion with federal representatives during March and April of 1996, it was their position that Canada had satisfied the provisions of section 29.0.40 of the JBNQA through the Transfer Agreement.

We maintain that the Transfer Agreement did not satisfy the terms of section 29.0.40 of the JBNQA and does not constitute a 'unified system'. Moreover, it is interesting to note that in the 1990 Implementation Agreement, while Inuit of Québec acknowledged, in section 9 of the 1990 Implementation Agreement [Annex 7], subject to conditions therein contained, that Canada had fulfilled or was fulfilling certain provisions of section 29 of the JBNQA, no mention whatsoever is made to section 29.0.40.

² See pages 29-30 and 40-44 of the Tait Report.

³ See page 43 of the Tait Report.

Following the Transfer Agreement in March 1981, Makivik, along with the Crees, presented a whole series of grievances to the House of Commons Standing Committee on Indian Affairs and Northern Development, central among them being the issue of housing. As a result of the hearings, the Standing Committee took the extraordinary step of drafting a special Statement to the Ministers of Indian Affairs and National Health and Welfare in which they endorsed the claim of the Native parties that Canada and Québec had failed to implement major provisions of the JBNQA. In response to this, the then Minister of DIAND, John Munro, along with the then Minister of Justice, Jean Chrétien, agreed to conduct a joint review of certain of Canada's outstanding obligations under the JBNQA. This resulted in the "Tait Report" and pursuant to recommendations made to Cabinet in conjunction with the Tait Report, to the "catch-up" program. It is clear from the Tait Report that Makivik had not accepted the Transfer Agreement as being the creation of a 'unified system' nor as the fulfillment of Canada's ongoing obligations towards Inuit under the JBNQA in this regard.

It should also be noted that the first sentence of subsection 2.1 of the 1990 Implementation Agreement reads as follows:-

"It is the express intent of the Parties to this Agreement that nothing herein be considered an amendment to, modification of, or derogation from the JBNQA and, without limiting the generality of the foregoing, that nothing herein affects the application of paragraphs 2.11 and 2.12 of the JBNQA. ..."

and that section 29.0.2 of the JBNQA, to all intent and purpose, repeats subsection 2.12 of the JBNQA. It is our contention that specific provisions like section 29.0.40 are in addition to the general provisions of the JBNQA, such as section 2.12 which provides that the Inuit and Cree communities remain eligible to receive all applicable ongoing programs provided by Canada and/or Québec. It is the reason why we are arguing that if Canada provides a social housing program to Indians it should provide the same to Inuit of Nunavik.

As indicated in the "Housing in Nunavik" Report [see Annex 4], the population of Nunavik is younger and growing more rapidly than the Québec or Canadian population in general. Almost all housing was and remains subsidized in one way or another by the public, para-public or even private sector. There are only a dozen or so homes under private ownership in the region, most of them in Kuujuaq. As of March 1998, there were 1,673 social housing units in Nunavik comprising new construction since 1981 as well as the renovation and replacement of those houses transferred from Canada to Québec pursuant to the 1981 Transfer Agreement.

Based on the actual number of social houses presently in Nunavik and a population projection foreseen to year 2006 of almost 11,000 people made up of over 3,000 families, it is projected that there will be a need for approximately 1,400 new houses in Nunavik by that year.⁴ At the present time (October 1998), there are 425 families waiting for new houses in Nunavik. [Annex 8]

While we recognize that the "catch-up" program was a success, its intent was to bring us up to date. As indicated above, as population grows, our existing housing becomes more crowded. We have, for example, situations again arising where three or four generations are living in the same house. It is clear that over-crowding leads to poor health and social conditions. Over-crowding makes studying and homework for children more difficult and has been linked with substance abuse, family violence and increased suicide rates. For a more in depth analysis of the public health aspect of the housing situation in Nunavik, please see the attached report prepared by Dr. Serge Déry, Public Health Regional Director for the Nunavik Regional Board of Health and Social Services, entitled "The Housing Situation in Nunavik: A Public Health Priority" [Annex 9].

Subsequent to the tabling of these reports, on March 26, 1996 we were told by DIAND representatives that they would need a delay of approximately one (1) month to respond to our request in order to clarify certain issues with CMHC.

⁴ See Annex 4 of the Makivik/KRG 'Housing in Nunavik' Report attached as part of Annex 4 hereof.

On July 25, 1996, Mr. Sinclair, Assistant Deputy-Minister, DIAND, sent a letter to our Inuit Negotiator in which he indicated the following [Annex 10]:

"With regards to the Housing in Nunavik file, we are attempting to gain a better understanding of the position being taken by Central Mortgage and Housing (CMHC). We still have to clarify certain elements with CMHC as it pertains to interpretation of certain documents and key policy areas. We hope to conclude our discussions very soon so that we might begin to engage in preliminary talks with you regarding this matter."

At meeting with representatives of DIAND, both before and after this date, it was made known to us that DIAND and CMHC were at 'loggerheads' over this issue and could not form a consensus to give a response. It was also clearly implied to our representatives at these meetings that while DIAND representatives agreed with our position, CMHC did not. It was even suggested that we should deal directly with the CMHC regarding this matter.

By letter dated October 28, 1996 from the then Makivik President, Zebedee Nungak, to the then Minister of DIAND, Ron Irwin [Annex 11], Mr. Nungak responded regarding this issue and the suggestion that we deal directly with CMHC as follows:

"Notwithstanding the consultations that have taken place between our negotiator and yours, including the mutual preparation in March 1996 of a "historic" regarding social housing in Nunavik, the issue remains to date unresolved. We had been led to believe by representatives of your Department that the fault lay with the Canada Mortgage and Housing Corporation (CMHC) which refuses to acknowledge the federal obligation in this regard. It was even suggested at one point that we should deal directly with CMHC by writing to its President. Such an approach was not acceptable to us. It is the Department of Indian Affairs that represents Canada in matters related to the JBNQA and the Implementation Agreement and therefore your Department, on behalf of Canada, should be in a position to respond to our request reflecting an obligation of Canada."

In response to this letter on December 16, 1996 (See Annex 2), the then Minister of DIAND, Ron Irwin, indicated to Mr. Nungak by letter that:

"On the third matter, my department's position is that the Government of Canada has no obligation under the James Bay and Northern Québec Agreement (JBNQA) to provide a program of social housing to the Inuit of Nunavik. Under paragraph 29.0.2 of the JBNQA, Canada's obligation in this regard is made subject to the criteria established from time to time for the application of such programs, and to general parliamentary approval of such programs and funding. These conditions currently exclude the Inuit of Nunavik from access to Canada's social housing programs, with the exception of the Remote Housing Initiative. There is no plan to establish a new social housing program for Nunavik residents. Rather, I urge the Makivik Corporation to engage the Central Mortgage and Housing Corporation in a discussion of how existing housing programs may serve Nunavik's needs."

Following the 1997 federal elections, two meetings were held between the President of Makivik and the present DIAND Minister Jane Stewart, which dealt, among other things, with the issue of social housing. However, Minister Stewart took the same position as her predecessor, Ron Irwin, and in almost identical wording reiterates his position in her January 5, 1998 letter (See Annex 1) to the then President of Makivik, Zebedee Nungak:

"Regarding housing in Nunavik, I would like to confirm the position of my predecessor, the Honourable Ronald A. Irwin, in his letter of December 16, 1996 to Makivik that Canada has no legal obligation to provide a program of social housing to the Inuit of Nunavik. Under paragraph 29.0.2 of the James Bay and Northern Québec Agreement, Canada's obligation in this regard is made subject to the criteria established from time-to-time for the application of such programs, and to general parliamentary approval of such programs and funding. These conditions currently exclude the Inuit of Nunavik from access to Canada's social housing programs. There is no plan to establish a new social housing program for Nunavik residents. Rather, I would urge Makivik to discuss with the Canada Mortgage and Housing Corporation how exiting housing programs may serve the needs of Nunavik Inuit."

Finally, and somewhat reluctantly, given that we believed that it is DIAND who represents Canada regarding Native issues, representatives of Makivik and KRG, including its then Chairman, Jean Dupuis, met with Minister Galliano, Minister of Public Works, responsible for CMHC on May 15, 1998. We had clearly been led to believe by DIAND Minister Jane Stewart that the social housing issue in Nunavik had been raised by her with Minister Galliano. However, when we met with Minister Galliano, he seemed to be

surprised that we were bringing this issue to his attention and indicated to us that that he thought this was an issue that should be dealt with by DIAND. We realized that we were literally being sent from 'pillar to post and back again'.

With all political alternatives apparently exhausted, we then initiated the DRM.

As noted in our June 11, 1998 letter to Minister Jane Stewart, instituting the DRM, the condition (criteria) that she refers to in her letter of January 5, 1998 (see Annex 1) is that the social housing program available to Indians only applies to Indians living on reserves. In consequence, this criteria eliminates the possibility of applying the program to Inuit who do not and have never lived on reserves. We cannot believe that Canada would use such a clearly erroneous argument to justify the non-application of a social housing program to Inuit.

Yes, there may be criteria established for such programs: such as old age, income level, etc., in order to be eligible from among a group; but criteria should not be used in such a way as to exclude everyone in the group.

The intention of the wording in sections 2.12 and 29.0.2 of the JBNQA (similar wording is found in the 1974 Agreement-in-Principle which led to the JBNQA) is to ensure that the benefits being provided by the JBNQA were in addition to and not in replacement of existing programs, and that existing programs would continue to apply. One of these existing programs is social housing. Canada is presently providing social housing to Indians on reserves and is providing social housing to Inuit north of the 60th parallel through funding of the Territorial Government.

The position taken by Canada is a reflection we believe of the policy position enunciated by federal officials at a Conference of Federal, Provincial and Territorial Ministers on Aboriginal Affairs and Leaders of National Aboriginal Organizations on May 20, 1998, in Québec, whereat Canada indicates the following policy position in the press release from such Conference:

"For its part, but without prejudice to the position of any party who holds a contrary view, the Federal government restated its longstanding position that it has primary but not exclusive responsibility for First Nations on reserve and Aboriginal peoples north of 60°, and that provinces have primary, but not exclusive, responsibility for off-reserve Aboriginal peoples."

Not only does this policy violate Canada's constitutional obligations to aboriginal peoples under section 91(24), it is a clear violation of the letter and spirit of the JBNQA.

Moreover, it should be noted that sections 2.1 and 2.2 the 1990 Implementation Agreement provide as follows:

"2.1 It is the express intent of the Parties to this Agreement that nothing herein be considered an amendment to, modification of, or derogation from the JBNQA and, without limiting the generality of the foregoing, that nothing herein affects the application of paragraphs 2.11 and 2.12 of the JBNQA. The Parties to this Agreement expressly agree that nothing herein constitutes a supplementary amending agreement within the meaning of Section 4 of the James Bay Native Claims Settlement Act (S.C. 1976-1977, c.32) and of paragraph 2.15 of the JBNQA. The Parties hereto further agree that this Agreement constitutes a contract between the Parties for the implementation of certain provisions of the JBNQA.

2.2 The ancillary or related agreements contemplated by this Agreement shall not constitute an amendment to, modification of, or derogation from the JBNQA and, without limiting the generality of the foregoing, shall not affect the application of paragraphs 2.11 and 2.12 of the JBNQA. The related or ancillary agreements contemplated hereby shall not take the form of a supplementary amending agreement within the meaning of Section 4 of the James Bay Native Claims Settlement Act and paragraph 2.15 of the JBNQA."

The Inuit of Nunavik entered into JBNQA with one of the major conditions being that the Agreement was to be in addition to and not in replacement of ongoing obligations of the federal Crown towards us. This condition is contained in sections 2.12 and 29.0.2. Canada now appears to be trying to renege on this major condition.

Moreover, it should be noted that the wording of section 29.0.2 of the JBNQA, which applies to Inuit, reflects the same wording as section 28.1.1 which applies to Crees:

"28.1.1 Programs, funding and technical assistance presently provided by Canada and Québec, and the obligations of the said governments with respect to such programs and funding shall continue to apply to the James Bay Crees on the same basis as to other Indians of Canada in the case of federal programs, and to other Indians in Québec in the case of provincial programs, subject to the criteria established from time to time for the application of such programs, and to general parliamentary approval of such programs and funding.

The foregoing terms, conditions, obligations and criteria will apply to all federal programs referred to in this Section."

It is inconceivable that the parties to the JBNQA by using identical wording in the two sections, had in mind that "criteria" could be used to include one group in a Native program and leave out the other. For example, imagine if the federal government established a program that only applied to off-reserve Indians and then found themselves arguing that such program was applicable to Nunavik Inuit but not to the Crees.

How a distinction can be made to apply to us as 'off-reserve' as compared to 'on-reserve' is ridiculous. Applying a criteria that differentiates between those Indians who live 'on-reserve' and those who do not, is itself suspect. Applying this standard to Inuit who have never lived on reserves is even more suspect; as 'never living on-reserve' is different than 'on reserve' or 'off reserve' status as applied to Indians.

Even our instituting the DRM has been met with apparent reticence by DIAND. The process was instituted on June 11, 1998 [see Annex 12]. Under the terms of the 1990 Implementation Agreement (see Annex 'H' thereof), the first step of consultation is foreseen to be done within sixty (60) days. In early August, 1998, we received a reply dated July 22, 1998 to our June 11, 1998 letter asking for a further delay. [Annex 13]. We replied, through letter of our then President, on August 19, 1998 [Annex 14] indicating that we were prepared to extend the timeframe until October 15, 1998. On October 9, 1998, the Minister wrote to our then President requesting that our representatives touch base with Mr. Jeff Moore, Director of the James Bay Implementation Office, in order to determine an appropriate timeframe for the consultations [Annex 15].

We were taken aback. The very process that had been established to resolve disputes was now becoming itself an issue: respect for the mechanisms established by agreement.

This treatment is not one that we would expect from a government that has a fiduciary responsibility to assist Native people and contractual obligations to respect with them. It should be noted that in several recent decisions of the Court, the judges have indicated the level of duty and responsibility that should be borne by the federal government in dealing with Native peoples.⁵

- In *Simon v. The Queen*, [(1985) 2 S.C.R. 387 at 401-02 and 410], Mr. Justice Dickson found that a treaty process was entered into for the mutual benefit of both the Crown and the aboriginal peoples, and should therefore be solemnly respected. Treaties need to be recognized as source of protection for pre-existing aboriginal rights.
- In *R. v. Sioux* [(1990) 1 S.C.R. 1025 at 1044], Mr. Justice Lamer concluded that a treaty is characterized by the intention of the parties to create mutually binding solemn obligations.
- In *R. v. Van Der Peet* [(1996) 2 S.C.R. 507 at 536], the Chief Justice determined that the relationship between the Crown and aboriginal peoples, and the dealings between the parties should be given a generous interpretation in favour of the aboriginal peoples. Because of the nature of the relationship, the Crown has a fiduciary obligation to aboriginal peoples where the honour of the Crown is at stake. It is because of this relationship and its implications, subsection 35(1) and other statutory and constitutional provisions protecting the aboriginal interests, that a generous and liberal interpretation must be applied.
- In *R. v. Badger* [(1996) 1 S.C.R. 771 at 794], Mr. Justice Cory opined that the honour of the Crown is at stake in its dealings with the Indian people; that it is always assumed that the Crown intended to fulfil its promises and that no appearances of sharp dealings will be sanctioned.

Recently, on October 21, 1998, the Government of Québec and KRG entered into a Framework Agreement concerning the Kativik Region [Annex 16] which addresses, among other things, the issue of housing. This Framework Agreement foresees the possible creation of a regional housing structure

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See also the Decision in Nunavik Inuit (as represented by Makivik Corporation) and The Minister of Canadian Heritage and the Attorney General of Canada and Her Majesty the Queen in Right of Newfoundland (Federal Court of Canada, Trial Division) in the Tornat National Park case and the principles enunciated by Justice John Richard therein.

under KRG to administer the Nunavik housing program for SHQ that would replace the administrative arrangements presently existing between SHQ and the municipalities. It provides for the promotion of home ownership in Nunavik through programs to subsidize new home owners or those willing to acquire an existing social house. It is foreseen that the money collected through the privatization of public houses as well as the money collected from existing rent arrears would be used and doubled up by SHQ to provide potential funding to build new social houses.

While this initiative is welcomed, it is not foreseen as sufficient to address the required new social housing needs of Nunavik, as there are no guarantees that many Nunavikmiut will be able to afford to buy a new or existing house or that given present income levels the problem of rent arrears can be more than partially addressed.

The arrangement suggested in the Framework Agreement between Québec and KRG might, if the federal government played its role and became a party, be a way to finally address the specific issue of section 29.0.40, the creation of a 'unified system,' as well as to respect the general obligation Canada has, pursuant to section 29.0.2, to apply its programs to Nunavik Inuit.

CONCLUSION

As indicated in the foregoing, Makivik, in conjunction with KRG, has attempted repeatedly to have DIAND respect the JBNQA and address our concerns regarding social housing: to no avail. Finally, we were forced to resort to launching the DRM on this issue. Yet even here we have been stonewalled. We are concluding that notwithstanding obligations in the JBNQA and notwithstanding that the 1990 Implementation Agreement put in place a process to resolve disputes other than by going to court, DIAND, representing Canada, will only live up to obligations if it is forced to by court decision. With all due respect, such an attitude is disgraceful.

We have presented today our concerns to you in the hope that this Standing Committee can do what its predecessor of 1981 was able to accomplish: to 'kick-start' the Government of Canada to live up to its undertakings respecting the letter as well as the spirit of its JBNQA obligations. To such end, we would ask this Standing Committee to strongly recommend to DIAND that it must, on behalf of the Government of Canada, participate with the Inuit parties (Makivik and KRG) and the Government of Québec in solving Nunavik's social housing needs and that such participation be based not just on moral grounds (which alone would be sufficient) but in respect of Canada's ongoing legal obligations to Inuit under the JBNQA.

ANNEXES

BRIEF

TO THE HOUSE OF COMMONS STANDING COMMITTEE ON ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT RESPECTING SOCIAL HOUSING IN NUNAVIK

[November 19, 1998]

- Annex 1:** Letter from the Honourable Jane Stewart, Minister of Indian and Northern Affairs (DIAND) to Zebedee Nungak, then President of Makivik Corporation, dated January 5, 1998 regarding, among other issues, housing in Nunavik.
- Annex 2:** Letter from the Honourable Ronald A. Irwin, then Minister of Indian and Northern Affairs (DIAND) to Zebedee Nungak, then President of Makivik Corporation, dated December 16, 1996 regarding the position of the Government of Canada vis-à-vis providing a program of social housing to the Inuit of Nunavik.
- Annex 3:** Letter from Suzanne Larochelle of Indian and Northern Affairs Canada to Bernard Pennee, Inuit Negotiator, dated March 1, 1996, enclosing a document prepared by DIAND entitled "Chronology of Events: Housing in Nunavik".
- Annex 4:** Letter to Suzanne Larochelle of Indian and Northern Affairs Canada from Bernard Pennee, Inuit Negotiator, dated March 6, 1996, enclosing a report regarding housing in Nunavik prepared by Makivik Corporation and submitted to the Government of Québec by Makivik Corporation and the Kativik Regional Government in 1994.
- Annex 5:** Transfer Agreement entered into between the Government of Canada and the Government of Québec in February of 1981 regarding the transfer of ownership and responsibility for housing to Québec.
- Annex 6:** Model of one of the administrative agreements the Government of Québec entered into with the Nunavik municipalities (namely, between SHQ and the Municipality of Kuujuaq) regarding the establishment of a "housing authority" in the respective communities.
- Annex 7:** Section 9 of the *Agreement Respecting the Implementation of the James Bay and Northern Québec Agreement between Her Majesty the Queen in Right of Canada and Makivik Corporation* (the "1990 Implementation Agreement").
- Annex 8:** Social Housing Waiting List prepared by the Kativik Regional Government (October 1998).

- Annex 9:** Report by Dr. Serge D'Èry, Public Health Regional Director for the Nunavik Regional Board of Health and Social Services, entitled "The Housing Situation in Nunavik: A Public Health Priority" (October 1998).
- Annex 10:** Letter from John Sinclair from Indian and Northern Affairs Canada to Bernard Pennee, Inuit Negotiator, dated July 25, 1996 regarding housing in Nunavik.
- Annex 11:** Letter to the then Minister of Indian and Northern Affairs Canada, from the former President of Makivik Corporation, Zebedee Nungak, dated October 28, 1996, regarding Inuit negotiating directly with CMHC.
- Annex 12:** Letter to the Honourable Jane Stewart, Minister of Indian and Northern Affairs (DIAND) from Zebedee Nungak, then President of Makivik Corporation dated June 11, 1998 instituting the Dispute Resolution Mechanism under the 1990 Implementation Agreement.
- Annex 13:** Letter from the Honourable Jane Stewart, Minister of Indian and Northern Affairs (DIAND) to Zebedee Nungak, then President of Makivik Corporation dated July 22, 1998 requesting an extension of the 60-day period under the Dispute Resolution Mechanism as foreseen in the 1990 Implementation Agreement.
- Annex 14:** Letter to the Honourable Jane Stewart, Minister of Indian and Northern Affairs (DIAND) from Zebedee Nungak, then President of Makivik Corporation dated August 19, 1998 confirming an extension of the 60-day period under the Dispute Resolution Mechanism as foreseen in the 1990 Implementation Agreement to October 15, 1998.
- Annex 15:** Letter from the Honourable Jane Stewart, Minister of Indian and Northern Affairs (DIAND) to Zebedee Nungak, then President of Makivik Corporation dated October 9, 1998 requesting a further extension of the 60-day period under the Dispute Resolution Mechanism as foreseen in the 1990 Implementation Agreement.
- Annex 16:** Framework Agreement entered into between the Government of Québec and the Kativik Regional Government on 21st day of October, 1998.

Annex 1

71-021

Minister of Indian Affairs
and Northern Development



Ministre des Affaires
indiennes et du Nord canadien

Ottawa, Canada K1A 0H4

RECEIVED
JAN 05 1998

JAN 5 1998

Mr. Zebedee Nungak
President
Makivik Corporation
650, 32nd Avenue
LACHINE QC H8T 3K5

*Mtd. (via fax)
Jan. 19/98 via post*

Dear Mr. Nungak:

I am writing in response to your letter of September 30, 1997 in which you raised several issues, and to follow up on our meeting of December 11, 1997 at which several related subjects were discussed.

With respect to the resumption of tripartite negotiations, I recently wrote to the Minister Responsible for Aboriginal Affairs for Quebec, Mr. Guy Chevrette, in which I mentioned our keen interest in the resumption of negotiations with the Inuit and how we intend to be very active in all future discussions. I understand that the process will be initiated by Quebec and that our officials will meet to outline the broad objectives to be pursued.

In my previous correspondence to you of July 8, 1997, I had indicated that we were expecting a proposal outlining the use of the remaining funds (\$179,600) so that further work could be accomplished without any disruption while the larger negotiations were put on hold. Following your discussions with Quebec, I would be grateful if you could provide me with a document outlining the steps you plan to follow.

Regarding housing in Nunavik, I would like to confirm the position of my predecessor, the Honourable Ronald A. Irwin, in his letter of December 16, 1996 to Makivik that Canada has no legal obligation to provide a program of social housing to the Inuit of Nunavik. Under paragraph 29.0.2 of the James Bay and Northern Quebec Agreement, Canada's obligation in this regard is made

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Canada

subject to the criteria established from time-to-time for the application of such programs, and to general parliamentary approval of such programs and funding. These conditions currently exclude the Inuit of Nunavik from access to Canada's social housing programs. There is no plan to establish a new social housing program for Nunavik residents. Rather, I would urge Makivik to discuss with the Canada Mortgage and Housing Corporation how existing housing programs may serve the needs of Nunavik Inuit.

Concerning Marine Infrastructure, the Department of Indian Affairs and Northern Development (DIAND), the Department of Transport (DOT) and the Department of Fisheries and Oceans (DFO) have identified a total of up to \$30 million over the next 10 years which can be contributed toward the construction of such infrastructure. This latest effort is consistent with the Northern Quebec Marine Transportation Infrastructure Program (NQMTIP) contemplated in the 1990 Implementation Agreement. You will recall that a number of feasibility studies have previously been funded pursuant to the NQMTIP and that, in addition, the three departments recently funded studies, evaluations and other activities related to the construction of marine infrastructure for the communities of Puvirnituk, Quaqtaq and Kangiqsualujjuaq.

While I appreciate that Makivik would prefer funding at a level sufficient to complete all potential projects identified by the NQMTIP studies, current Canadian program funding is not available. I would therefore ask that you indicate no later than January 9, 1998 your acceptance or rejection of the above-noted contribution and the proposed agreement provided to your negotiators on December 23, 1997. A Treasury Board submission is required to effect the transfer of funds from DOT and DFO to DIAND in order to proceed with the contribution, which must be done within a very tight time-frame if we are to be successful.

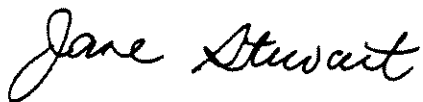
Furthermore, we will continue to use our best efforts to identify additional funding, and I would encourage Makivik to identify other potential funding sources. I have been informed that the Federal Office of Regional Development (Quebec) (FORD-Q) has just received the economic study that was jointly funded by FORD-Q, Makivik and DIAND. FORD-Q will likely use this study to develop its position on this project.

With regard to the offshore negotiations, I can confirm that the federal government's position is as has been offered by the Chief Federal Negotiator. As I indicated at the meeting, it might be possible for the Chief Federal Negotiator to look at restructuring the settlement to emphasize certain parts of the draft

Agreement-in-Principle. However, any such restructuring would have to be negotiated with the Chief Federal Negotiator who, I believe, has indicated that negotiations will continue as long as the federal government believes that progress is being made at the negotiation table.

I trust that this information is of assistance to you.

Yours sincerely,

A handwritten signature in cursive script that reads "Jane Stewart". The signature is written in dark ink and is positioned above the typed name.

Jane Stewart, P.C., M.P.

Annex 2

71-021

Minister of Indian Affairs
and Northern Development



Ministre des Affaires
indiennes et du Nord canadien

Ottawa, Canada K1A 0H4

DEC 16 1996

Mr. Zebedee Nungak
President
Makivik Corporation
650, 32nd Avenue
LACHINE QC H8T 3K5

A handwritten signature in cursive script, appearing to read "Zebedee".

Dear Mr. Nungak:

This is in response to your letter of October 28, 1996, which you presented to me at our dinner meeting of that date, and which addresses the Northern Quebec Marine Infrastructure Program as well as housing in Chisasibi and Nunavik.

I am pleased that discussions are going well with respect to completing a "settlement agreement" on Chisasibi housing. I would hope to be able to sign off that agreement in the near future.

As you point out in your letter, a number of issues relating to the Northern Quebec Marine Infrastructure Program must be addressed as matters of priority. I am pleased to report that, to this end, a financial committee, chaired by Mr. Donat Savoie, Senior Negotiator for Nunavik, and comprised of representatives of this department and other federal departments, is pursuing its discussions on the development of a financial strategy for the program. An important meeting was held on November 15, 1996 with representatives of the departments of Transport, Fisheries and Oceans, Finance, Treasury Board and the Federal Office of Regional Development - Quebec, with the participation of Mr. André Maltais, Chief Federal Negotiator for Nunavik, who will play an active role in the resolution of this file. I understand the meeting went very well in developing such a strategy. I will keep you informed as developments unfold.

.../2

Canada

On the third matter, my department's position is that the Government of Canada has no obligation under the James Bay and Northern Quebec Agreement (JBNQA) to provide a program of social housing to the Inuit of Nunavik. Under paragraph 29.0.2 of the JBNQA, Canada's obligation in this regard is made subject to the criteria established from time to time for the application of such programs, and to general parliamentary approval of such programs and funding. These conditions currently exclude the Inuit of Nunavik from access to Canada's social housing programs, with the exception of the Remote Housing Initiative. There is no plan to establish a new social housing program for Nunavik residents. Rather, I urge the Makivik Corporation to engage the Central Mortgage and Housing Corporation in a discussion of how existing housing programs may serve Nunavik's needs.

I trust this response is of assistance.

Yours truly,

A handwritten signature in black ink, appearing to be 'Ron', written in a cursive style.

Ronald A. Irwin, P.C., M.P.

Annex 3



Affaires indiennes et du Nord Canada Indian and Northern Affairs Canada
320, St-Joseph Street East
P.O. Box 51127, Postal Outlet G.-Roy
Québec, Qc G1K 2T7
Tel.: 418.648.3311
Fax: 418.648.5086

March 1, 1996
By telecopier (514) 634-9730

Votre référence Your file

Notre référence Our file

Mr. Bernard Pennee
Care of: Makivik Corporation
650 32nd Avenue, Suite 500
Lachine, Québec
H8T 3K5

Subject: Inuit Housing in Chisasibi and Housing in Nunavik

Dear Mr. Pennee:

As agreed at our meeting of February 28, 1996, you will find enclosed the chronology of events concerning the Inuit Housing in Chisasibi and Housing in Nunavik that were found in our files.

You will notice that I did not forward the documentation contained in the first part of the chronology of the Inuit Housing in Chisasibi since we already sent it to Mr. Lavallée with our letter of November 23, 1995. It is to be noted that I could not find the responses to the letters of Mr. Dionne and Mr. Silverstone of May 83 and May 84 respectively. You may probably be able to trace them in your files.

Monday, I will be sending you the Inuit and Cree population of Chisasibi, the number of houses together with the cost of construction per unit. I unfortunately could not get all this information today.

I will be expecting to receive your chronology of events by next Wednesday. I trust the present to your satisfaction. Should you have any questions, please feel free to contact me.

Yours truly,

Suzanne Larochelle
Agreements Negotiation and
Implementation

Encl.

c.c. Mr. Rick Makuch

Canada

CHRONOLOGY OF EVENT HOUSING IN NUNAVIK

Pursuant to the signing of the JBNQA, the Kativik Act, which sets out the provisions governing northern villages and the Kativik Regional Government, was promulgated on August 2, 1978. It is a direct outgrowth of the JBNQA.

It was generally agreed at that time, that housing conditions in the Inuit communities of Northern Québec were very poor.

On January 7, 1981, Mr. Willie Makiuk, Chairman, Kativik Regional Government, wrote to the Minister of DIAND, concerning housing, he states: "as a result of those discussions (there was a tripartite committee that had been established), the Council of the Kativik regional government is of the opinion that the proposed transfer agreement between the Government of Canada and the Government of Québec should be implemented immediately.

In February 1981, Québec and Canada governments signed the Northern Québec Housing Transfer Agreement, whereas Québec took over the housing, electricity generation and municipal services responsibilities for all the Inuit communities in exchange of a transfer of 72 million dollars from Canada (8 million dollars a year for a period of 9 years). The Inuit were not party to this agreement. The Québec government has funded the housing projects in the Inuit communities through a federal/provincial agreement on social housing available through Canada Mortgage and Social Housing Corporation (CMHC) and costs shared on a 75% federal, 25% provincial basis.

The approved Québec program did not meet the expectations of the Inuit and was not in line with the program that Québec had earlier indicated would be forthcoming. The Québec program nevertheless represented an increase over the program provided by DIAND.

On March 26, 1981 the Inuit and the Crees appeared before the House of Commons Standing Committee on Indian Affairs and Northern Development concerning different grievances. The chief representative of the Inuit was Mr. Charlie Watt, at the time President of Makivik Corporation. As a result of the hearings the Standing Committee took the extraordinary step of drafting a special statement to the Ministers of DIAND and National Health and Welfare in which they endorsed the claim of the native parties that Canada and Québec had failed to implement major provisions of the Agreement. The Minister of DIAND agreed to conduct a joint review of the implementation of the JBNQA (Tait Report). A Memorandum to Cabinet, based on the findings of the review, was considered by Cabinet.

In the process of the Review, the Inuit requested that Canada participate in the funding of a special accelerated program to upgrade services and facilities available to the Inuit of Northern Québec to a level comparable to Northern communities in other areas of Canada. Although Québec assumed full responsibility for the Inuit communities in February 1981, under the terms of the Northern Québec Transfer Agreement, the Inuit contend that, in light of the constitutional and moral responsibility that Canada had for the Inuit, the conditions existing in the Inuit communities when the Transfer Agreement was signed, and Québec's failure to provide what the Inuit consider

to be an adequate level of service, Canada should assist in funding the upgrading program.

On November 10, 1983, as a result of the Tait Report, DIAND announced that the federal government would accelerate the housing program in Northern Québec with new funding of 14, 6 million dollars. The Press Release went on to say that the availability of the money follows release of the JBNQA Implementation Review, which called for 312 new housing units to clear up the shortage of housing in Inuit communities. The federal contribution will permit the construction of 212 new units over four years between 1983/84 and 1986/87. The 14.6 million dollars contribution by the federal government is in addition to 300 housing units which are being built under a shared cost program administered by the CMHC and the Québec Housing Corporation.

In the 1993 Budget, the federal government announced it was freezing its social housing budget and that while the federal government would continue to fund existing project commitments, CMHC could no longer enter into new longer term social housing projects with the exception of the housing program in Indian reserves. As a result, the Québec government advised the Inuit like all the other municipalities of the Province of Québec that they could not afford to subsidize new social housing projects because of the withdrawal of federal funding.

In 1994-1995, CMHC was able to direct some funds from its existing budget to support a remote housing program (self-build, homeowner projects). The Inuit benefited from this special initiative.

Annex 4

PENNEE, SILVERSTONE, VILANDRÉ
AVOCATS - BARRISTERS & SOLICITORS

BERNARD PENNEE
SAM SILVERSTONE
JOSÉE VILANDRÉ
STÉPHANE LAVALLÉE
NATHALIE RIVARD

650, 32^e AVENUE, SUITE 500
LACHINE (QUÉBEC) H8T 3K5
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TÉLÉCOPIEUR: (514) 634-9730

VIA TELEFAX
(418) 648-5086

March 6, 1996

Mrs. Suzanne Larochelle
Agreements, Negotiation and Implementation
Indian and Northern Affairs Canada
320 St. Joseph Street East
Québec, Québec
G1K 8Z7

Re: Nunavik Housing

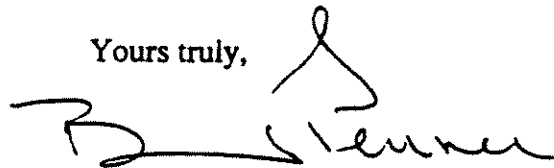
Dear Suzanne:

Please find enclosed herewith the relevant portions of a report regarding housing in Nunavik that was submitted to the Government of Québec by Makivik and the Kativik Regional Government in 1994 as part of the ongoing provincial implementation of the JBNQA.

This summary provides an evolution of the housing situation in Nunavik, the administrative context, as well as the housing requirements for the future.

If there are any questions regarding the foregoing, please don't hesitate to call me.

Yours truly,



Bern Pennee

c.c.: Richard G.M. Makuch

HOUSING IN NUNAVIK

1. Introduction

1.1 Population

At the start of the 1960s, the Inuit population of the Nunavik region numbered some 2,400 people. In November 1992, the Société d'Habitation du Québec (SHQ), in its *Rapport préparatoire sur un plan triennal d'habitation en milieu inuit 1993-1995* predicted that the number of people to house would reach 7,442 as of January 1, 1994. Thus, the Inuit population has tripled over a 30-year period.

Inuit Population of Nunavik			
Year	1960	1994	2005
Population	2,400	7,442	10,569

In addition, the population is younger and is increasing more rapidly than the Québec population in general. According to the SHQ report, the median age of the Inuit population was 18.5 years at the beginning of 1992, as compared to 32.1 years for the Québec population in 1986.

As of June 1, 1992, there were 1,696 heads of households. This number is expected to reach 1,964 by December 31, 1995.

1.2 Employment

In *Le pays des Inuit, la situation économique 1983*, Gérard Duhaime reports that in 1953, the Inuit's financial revenues came from the following main sources: 41% from crafts, 43% from transfer payments and 16% from salaries. In 1983, the breakdown was as follows: 7% from crafts, 28% from transfer payments and 65% from salaries.

We also learn that part-time or seasonal employment accounts for 60% of the total remuneration of the Inuit.

Sources of Financial Revenues For the Inuit			
Year	Crafts	Transfer Payments	Salaries
1953	41%	43%	16%
1983	7%	28%	65%

Obviously, the Inuit are increasingly dependent on salaried employment. To date, most specialized jobs, created through the establishment of a modern society infrastructure connected to the James Bay and Northern Quebec Agreement's implementation, were performed by individuals recruited outside the region. However, schooling for an increasingly large number of young people leads us to believe that this situation will be corrected in the more or less long term.

Furthermore, there are more and more cases where both spouses hold stable and well-paid jobs, particularly in the larger communities: Kuujuaq, Inukjuak, Puvirnituk and Salluit.

1.3 Housing

The Nunavik region is totally depending in matters of housing. In fact, the 2,071 housing units available in the 14 Northern Villages Municipalities are all subsidized in one way or another by the public or parapublic sectors or even the private sector.

As of June 1, 1994, almost all the Inuit population was housed in the 1,571 public housing units managed by the municipalities. The breakdown of these units by village is shown in a table in Annex 1.

The staff of public or parapublic institutions, as well as of private companies, are housed in 500 units which are highly subsidized.

There are a dozen home owners in the region, most of them in Kuujuaq.

2. Evolution of the Housing Situation in Nunavik

2.1 Federal Interventions in Public Housing

1950 - 1959

It was in 1950 that the government of Canada started to change things in the Canadian North. It began offering programs in the fields of education and employment to Inuit.

Until then, the Inuit lived in tents in the summer and in igloos in the winter. The establishment of schools near trading posts led to the beginning of a sedentary life.

By 1956, the federal government had created a home ownership program which took into account the Inuit ability to pay only limited amounts. The long-term objective of the program was to allow the Inuit to remain self-sufficient in regards to housing.

In 1958, seven houses were built in Puvirnituk according to the norms laid out in the federal program. The local materials used for insulation —peat and earth— did not perform as expected.

1959 - 1965

In 1959, the Department of Northern Affairs introduced three types of houses in the Canadian North. The first one was an A-frame house of 256 sq. ft. The second, called a "matchbox", was 288 sq. ft. These two models were rented for the actual cost of heating.

For families who wished to own their own house, a two-bedroom 512 sq.ft. model was offered. The mortgage was payable over a 20-year period at an interest rate of 4%. However, the lack of sufficient revenues prevented Inuit families from taking advantage of this offer.

1965 - 1981

In 1965, the Department of Northern Affairs established a subsidized housing program. The square footage of the house went from 512 sq. ft. to 720 sq. ft. The rent was fixed at 20% of family income. Individuals on welfare had to pay between \$2.00 and \$62.00 per month, depending on the number of bedrooms. Services were included in the rent.

By the end of this period in early April 1981, when responsibilities for housing construction were taken over by the government of Quebec, some 783 housing units had been built under the programs of the Department of Northern Affairs, which had become the Department of Indian Affairs and

Northern Development. The second half of this period, 1972 - 1981, was marked by the incorporation of local Inuit councils, who took over activities connected to the construction, operation and maintenance of housing units and services.

When the government of Quebec took over the 783 above-mentioned public housing units, the SHQ used a report done in the municipality of Frobisher Bay (Iqaluit) to classify this housing stock into five categories. It turned out that 38 units were in good conditions, 623 were mediocre, 17 were in poor condition and 105 were in very poor condition. None were in excellent condition.

783 Housing Units turned over to Quebec in 1981	
Number	Condition
38	good
623	mediocre
17	poor
105	very poor
0	excellent

2.2 Quebec Interventions in Public Housing

1963 - 1968

During this period, the Direction générale du Nouveau-Québec (DGNQ) was involved in the construction of 16 housing units for Inuit households.

The first three units were built for Inuit employees of the DGNQ in Salluit, Inukjuak and Kuujuaq.

Then, 13 units were built in Tasiujaq, where services were provided only by the government of Quebec.

1980 - 1992

The SHQ first intervened in matters of public housing in Nunavik in 1980, when it was authorized to build 8 units in Aupaluk and Akulivik, and to renovate 4 units in Tasiujaq. The following year, after responsibilities

were transferred from Canada to Quebec in April 1981, the SHQ became involved in the construction and renovation of housing units throughout the communities of Nunavik.

During this period, 1,122 new units were built. Some 264 of these units were built to replace older units which originally were to be renovated. In addition, 355 units were renovated. The construction and renovation of these 1,477 housing units required an investment of 226.9 M\$. The monthly rents required from the tenants range from 75 \$ to 330 \$ (1991 rates).

2.3 Housing for Staff of Public or Parapublic Institutions and Private Companies

Some 500 housing units have been built to house individuals recruited by public organizations or private companies. Most of these employees are recruited outside the region. A number of them, however, are Inuit recruited from communities other than the one where they are employed.

In the public or parapublic sectors, 415 housing units are available for staff. Depending on their terms of employment, their monthly rents range from 0 \$ to 324 \$.

As for the private sector, there are 85 housing units available, mainly for staff of Makivik Corporation and Air Inuit. Their monthly rents vary from 175 \$ to 250 \$.

2.4 Private Housing

Only a dozen families own their own houses, most of them in Kuujjuaq.

Nevertheless, because of the prohibitive cost of services, these owners have had to turn to a special program of their municipality. The municipality rents their houses for 1 \$ and provides all basic services (water, waste water collection, electricity, heating oil, etc.); in return, the owners pay the municipality a monthly rent based on the rate applicable to similar public housing units.

3. The Administrative Context

3.1 Agreement between the SHQ and the CMHC

In accordance with an agreement concluded June 28, 1977 between the Canada Mortgage and Housing Corporation (CMHC) and the Société d'habitation du Québec (SHQ), and amended September 27, 1978, the SHQ initiated discussions with the CMHC in December 1981 in order to integrate

into this agreement the renovation or replacement of some 800 housing units "inherited" from the Department of Indian Affairs and Northern Development on April 1, 1981.

On January 25, 1982, the CMHC agreed to provide financial assistance for these housing units under Section 44 of the National Housing Act (text in Annex 2).

As for new housing units that had to be built in order to catch up with housing needs and reduce overcrowding in existing units, the CMHC and the SHQ at first agreed to apply Section 56.1 of the National Housing Act (text in Annex 2). Later, in 1986, Section 56.1N of the National Housing Act was invoked to apply the "Non-Profit Public Housing Program" defined in the Canada/Quebec Framework Agreement on Public Housing.

3.2 Native Housing Division of the SHQ

Within the government of Quebec, the Native Housing Division of the Société d'Habitation du Québec is responsible for interventions with respect to housing matters in the Inuit milieu. This Division was once called the "Northern Housing Department".

The Native Housing Division's primary role is to advise the government of Quebec on all aspects of northern housing. In this capacity, it plans governmental housing assistance programs. It monitors the budget for housing operations. It applies and supervises measures applicable to program financing.

The Division acts as project manager for construction and renovation of housing units. In this respect, it carries out the following main functions. It controls the preparation of the plans and specifications for buildings. It is responsible for selecting materials and ensuring timely purchase through the Department of Supply and Services. It coordinates activities concerning packaging and transport of materials by sea or air. It is responsible for selecting contractors by calls for public tender. It undertakes supervision of building sites and provides professional and technical expertise.

The staff of the Division involved in the northern program is composed of one senior supervisor and 14 civil servants and professionals. An annual sum of about 750 000 \$ is allotted to salaries and staff operations.

3.3 Kativik Regional Government

The Kativik Regional Government (KRG) operated in the housing sector under an agreement signed with the Société d'habitation du Québec.

Basically, KRG provides municipalities with technical assistance in housing management and maintenance. To this end, SHQ grants it an annual sum of about 600 000 \$ to fill four positions.

3.4 Municipalities

The 14 municipalities operate in the public housing sector under agreements with the Société d'habitation du Québec. These agreements have a duration of 50 years. The municipalities are given the responsibility of operating and maintaining housing units through some 55 acknowledged positions, in return for payment by SHQ, which in 1994 was 2 013 330 \$. The breakdown of positions and budget items by village is shown in Annex 3. The subsidies cover the total annual deficit known for certain positions or pre-approved expenditures. In this respect, the municipalities play the same role as Municipal Housing Offices in southern municipalities, except that the latter are obliged to cover 10% of their expensed annual operating deficit.

In addition, the municipalities participate to various degrees in the planning process, among other things by supplying the relevant data for the population census and housing stock inventory, by selecting building sites for new housing, and by assuming complete responsibility for the allocation of housing units.

3.5 The Department of Municipal Affairs

In the housing sector, the role of the Department of Municipal Affairs is to determine each year the tax rates for municipal services supplied to public housing.

4. Housing Requirements

4.1 Public Housing

Between 1980 and 1994, some 1,571 housing units were renovated or built at a total investment of 244.8 M\$. In 1994 and 1995, 128 additional units will be built, which will bring the housing stock to 1,699 units.

The average monthly cost for maintenance and operation of each unit reached 1 370.02 \$ in 1993.

Between 1996 and the year 2005, if the situation continues to evolve in the same manner and at the same pace as in the last decade, an additional 1,365 units would have to be built, that is, 136 units per year over 10 years. These requirements are illustrated in Annex 4.

Strong population growth and the rapid rate at which households are forming exert continued pressure for housing. This statement is supported by impact markers and forecasts of population and family growth shown in tables in Annexes 4 and 5.

It is clear that housing construction programs in Nunavik have filled an important gap. This has required the construction of up to 139 units a year over several consecutive years. It would at the very least be regrettable, and over the long term more costly, to allow housing conditions in the region to deteriorate.

4.2 Housing for Staff of Public or Parapublic Institutions

Quebec public and parapublic institutions own 415 housing units in the Nunavik villages. The breakdown is as follows:

- Kativik School Board	185
- Kativik Regional Government	35
- Société immobilière du Québec	46
- The Ungava Hospital	63
- Hudson Bay Hospital	68
- Kativik Health and Social Services Regional Council	16
	<hr/>
	415

All these units are heavily subsidized by the government of Quebec and, to a degree, by the government of Canada pursuant to a requirement of the James Bay and Northern Quebec Agreement, which obliges the federal government to contribute 25% of the cost of education.

Whereas tenants of public housing pay rents ranging from 105 \$ to 359 \$ per month, the staff of these institutions pay monthly rents of between 0 \$ and 324 \$.

Monthly Rent Paid by Various Population Categories						
<u>Local Population</u>		<u>Staff of Institutions</u>				
Welfare Recipient	Worker	Public Health & Safety	Education	K.R.G.	S.I.Q.	Makivik
105 \$	138 \$	0\$	120 \$	163 \$	90 \$	175 \$
197 \$	359 \$		192 \$	324 \$	140 \$	250 \$

Thus, individuals recruited from outside the region or village where these institutions' housing units are located, and who in general are the best paid

specialized workers in the region, sometimes benefit more than the general population.

Besides, the quality of these housing units vary from one institution to another, and sometimes even within the same institution. It should also be noted that an amount of 600\$ per month is added to the taxable income of individuals who do not pay any rent.

(Annexe 1)	ANNEX 1
(titre)	1994 - Nunavik Housing Stock
(SHQ/SCHL...)	QHC/CHMC Housing Roll
(Exploitation...)	Operations Housing Roll
(Municipalities...)	Municipalities 1994-03-04
(Article 44)	Section 44
(sous-total)	Subtotal

(Annexe 2)	ANNEX 2
------------	----------------

(Annexe 3)	ANNEX 3
(Title)	Budgets- Salaries 1994
(administration salaires...)	Administration Salaries 1994
(Année ressources)	Annual Resources
(salaire de base)	Base Salary
(vie chère)	C.O.L. All. (Cost-of-Living Allowance)
(benefices)	Benefits
(municipalité)	Municipality
(# de log.)	# Units
(gérant)	Manager
(échel.)	Scale
(dep.)	Dep.
(dep. n.)	N. Dep.
(commis)	Clerk

(échel.)	Scale
(dep)	Dep
(gérant)	Manager
(provis. rempla.)	Prov. Repl.
(prime gérance)	Manager Premium
(total salaires)	Total Salaries
(total vie chère)	C.O.L. Total
(prime)	Premium
(niveau)	Level
(salaires)	Salaries
(échelon)	?
(heure)	Hour
(allocation isolement)	Isolation Allowance
(titre)	Budgets - Salaries 1994
(entretien salaires)	Maintenance Salaries 1994
(classification)	Classification
(temps suppl.)	Overtime
(prime vie chère)	C.O.L. Allowance
(hommes)	Men
(classe)	Grade

(Annex 4)

ANNEX 4

(titre)	Inuit low-cost housing program 1993 - 1995 Proposed program impact markers based on units built and needs until 2006
(total des 14 villages)	Total of 14 villages

(text)	Number of households as of January 1 New households added during year Number of households at year end Number of housing units as of January 1 Needs (additional units) Obsolete units to be replaced Needs (new and replacement units) Program 1993 - 1995 - New units - Replacement units Remaining needs - New units - Replacement units
(population)	Population
(personnes logées...)	People housed as of January 1
(parc)	Stock
(Nombre de chambres)	Number of bedrooms as of January 1
(Indicateurs d'impact)	Impact markers as of January 1 of each year
(famille / logement)	Household / unit
(personne/chambre)	People / bedroom
(situation à la fin...)	Situation at the end of 1990 - 1992 plan Situation at the end of 1993 - 1995 plan
(titre)	Number of Inuit households, 1992 - 2006
(croissance) (nb)	Growth in #
(croissance) (%)	Growth as %
(note)	Note: as of January 1 of each year
(r. réalisé - ee: estimé)	R: Real count - E: Estimated

PARC IMMOBILIER NUNAVIK 1994

ANNEXE 1

MUNICIPALITÉS 1994-03-04	SHO/SCHL						EXPLOITATION					
	LISTE DES LOGEMENTS						LISTE DES LOGEMENTS					
	440	441	460	455	456		440	441	460	455	456	
AKULVIK	3	22	13	56.1	56.1N	24	0	22	13	22	24	
AUPALUK	6	3	2	14	13	0	0	3	2	14	13	
INUKJUAK	26	25	51	38	105	0	0	25	51	38	105	
IVUJIVIK	10	8	14	10	5	0	0	8	14	10	5	
KANGISUALUJUUAQ (-9)	0	38	24	14	45	0	0	38	24	14	45	
KANGISUJUUAQ (-7)	0	27	25	10	33	0	0	27	25	10	33	
KANGIRSUK	0	26	19	14	27	0	0	26	19	14	27	
KUUJUUAQ (-4)	10	58	64	26	120	0	0	58	64	26	120	
KUUJUUARAPIK	35	36	30	16	36	0	0	36	30	16	36	
POVUNGNITUK (-20)	31	17	57	40	78	0	0	17	57	40	78	
QUAQTAQ	1	5	21	10	22	0	0	5	21	10	22	
SALLUIT	19	27	36	20	63	5	27	36	20	63	12	
TASIJUUAQ												
UMIUUAQ			11	12	12				11	12	12	
SOUS-TOTAL	141	292	367	246	649	23	292	367	246	643	60	
		800			895						682	889

44. (1) La Société peut passer des accords

Contributions
destinées à des
logements à
loyer modique

a) une province, une municipalité ou un office du logement public exploitant un projet de logement public, ou

b) une corporation à but non lucratif au sens du paragraphe 15.1(2) ou une association coopérative au sens de l'alinéa 34.18(1)b) exploitant un projet de logement public désigné par la province aux fins de cet article

par lesquels la Société versera des contributions dans le but de l'aider à offrir des logements aux individus ou familles à faibles revenus pour un montant dont le montant est inférieur au montant normalement requis pour financer les frais d'amortissement et d'exploitation du projet de logement public.

(2) Un accord conclu sous l'autorité du présent article doit stipuler

Modalités de
l'accord

que la Société versera chaque année à la province, à la municipalité ou à l'office du logement public des contributions pour un montant calculé de la manière prévue à l'alinéa 1, n'excédant pas de toute façon cinquante pour cent des pertes annuelles d'exploitation qu'a subies la province, la municipalité ou l'office en cause, déterminées par la Société;

que les contributions doivent être faites pour une période n'excédant pas la durée du projet, arrêtée par la Société, et ne dépassant pas de toute façon cinquante ans à compter de la date de parachèvement du projet;

que les logements seront loués à des particuliers ou des familles à faible revenu à des conditions d'occupation avec les limites prévues dans le projet;

que la Société se réserve le droit de dispenser ses contributions, si la province, la municipalité ou l'office du logement public ne fait de l'entreprise un projet de logement public.

Mention, dans le présent article, d'un logement public doit s'interpréter de manière à comprendre la mention d'un projet de logement familial ou d'une unité de logement.

Interprétation

est partie d'un bâtiment;

est loué aux fins d'offrir des facilités de logement convenables, sûres et salubres et conformes aux normes approuvées par la

est destiné à être sous-loué à un parti-

(4) Dans le présent article,

Définitions

«exploitation» désigne, relativement à un projet de logement public, dans la mesure où sa composition correspond à la description du paragraphe (3), l'exercice de droits et l'exécution d'obligations à titre de locataire d'un logement familial ou de locataire d'une unité en copropriété qui compose le projet, dans cette mesure, et qui lui est loué comme le décrit l'alinéa (3)b);

«exploitation»

«office du logement public» désigne, relativement à l'exploitation d'un projet de logement public, dans la mesure où sa composition correspond à la description du paragraphe (3), une corporation détenue en propriété de la façon prévue à l'article 41 sous la définition d'«office du logement public» et qui a le pouvoir de louer et d'exploiter un tel projet dans cette mesure. S.R., c. N-10, art. 44; 1973-74, c. 18, art. 18.1; 1980-81-82-83, c. 93, art. 32.

«office du
logement
public»

56.1 (1) Dans le présent article,
«bénéficiaire admissible» désigne

Définition

- a) une corporation visée à l'alinéa 15.1(2)c) ou une corporation sans but lucratif;
- b) une province ou une municipalité, ou un office du logement public au sens de l'article 41;
- c) un conseil d'une bande, au sens de la *Loi sur les Indiens*, ou un groupe d'Indiens, au sens de ladite loi, dont tous les membres résident dans une réserve au sens de ladite loi;
- d) le conseil d'une bande, au sens de la *Loi sur les Cris et les Naskapis du Québec*, ou
- e) un groupe de bénéficiaires cris ou de bénéficiaires naskapis, au sens de la *Loi sur les Cris et les Naskapis du Québec*, dont chaque membre
 - (i) est un Indien, au sens de la *Loi sur les Indiens*, et
 - (ii) réside sur les terres de catégorie IA ou IA-N, au sens de la *Loi sur les Cris et les Naskapis du Québec*.

(2) La Société peut, sous réserve des règlements que le gouverneur en conseil peut prescrire et conformément à ceux-ci, verser à tout bénéficiaire admissible, pour lui permettre de supporter le coût de projets d'habitations à loyer et d'en diminuer les loyers, une contribution déterminée en conformité de ces règlements; une telle contribution ne peut être versée à une corporation sans but lucratif qui a loué des terrains de la Société, en vertu du paragraphe 21.1(2), pour les fins de l'un ou plusieurs de ces projets.

Contribution
pour réduire le
coût et les
loyers

(3) Lorsque la Société est convaincue que le montant d'un prêt consenti en vertu de l'article 34.1 à un propriétaire d'un projet d'habitations à loyer a été utilisé pour la réparation, la remise en état, la transformation ou l'amélioration des facilités de logement relativement auxquels le prêt a été consenti, la Société peut verser à ce propriétaire une contribution aux mêmes fins, de la même manière et aux mêmes conditions, avec les modifications qui s'imposent dans les circonstances, que si ce propriétaire était un bénéficiaire admissible auquel une contribution peut être versée en vertu du paragraphe (2).

Idem

(4) Le gouverneur en conseil peut, par règlement, prescrire la manière dont les contributions peuvent être versées en vertu des paragraphes (2) ou (3), le montant total maximum de ces contributions au cours d'une année ainsi que la façon de déterminer ce montant total maximum. 1974-75-76, c. 82, art. 14; 1978-79, c. 16, art. 11; 1980-81-82-83, c. 93, art. 38; 1984, c. 18, art. 212.

Règlements

Annexe 3

BUDGETS-SALAIRES 1994

MUNICIPALITE		ANNEE RESSOURCES		SALAIRE DE BASE		PROVIS.		PRISE		TOTAL		VIE CHERE		TOTAL		SOUS		BENEFICES	
DE LOG	GERANT	ECHEL.	DEP	CORRIS	ECHEL.	DEP	GERANT	CORRIS	REPLAC.	GERANCE	SALAIRES	GERANT	CORRIS	VIE CHERE	TOTAL	TOTAL	TOTAL	TOTAL	TOTAL
AKULIVIK	81	1	4	1	1	1	322,837	32,875	32,807	31,085	337,797	314,409	314,409	332,266	16,372	332,266	16,372	332,266	16,372
AUPALUK	32	0.75	4	1	1	1	324,628	32,807	32,807	34,429	327,964	310,852	310,852	328,815	14,858	328,815	14,858	328,815	14,858
INUKJUAKE(4)	219	1	4	1	1	1	322,805	32,792	32,792	32,935	361,087	312,264	312,264	324,528	10,858	324,528	10,858	324,528	10,858
KANDIOJUALLUUAG	40	0.75	2	1	1	1	322,805	32,792	32,792	33,036	326,098	310,852	310,852	324,528	10,858	324,528	10,858	324,528	10,858
KANDIOJUALLUUAG	121	1	4	1	1	1	322,805	32,792	32,792	31,821	337,250	314,409	314,409	328,928	14,481	328,928	14,481	328,928	14,481
KANGARSUK	95	1	4	1	1	1	322,805	32,792	32,792	31,821	337,250	314,409	314,409	328,928	14,481	328,928	14,481	328,928	14,481
KULLUABAPIK(1)	278	1	4	1	1	1	322,805	32,792	32,792	31,821	337,250	314,409	314,409	328,928	14,481	328,928	14,481	328,928	14,481
POVUNGITUK(4)	123	1	4	1	1	1	322,805	32,792	32,792	31,821	337,250	314,409	314,409	328,928	14,481	328,928	14,481	328,928	14,481
OUADIAQ	192	1	4	1	1	1	322,805	32,792	32,792	31,821	337,250	314,409	314,409	328,928	14,481	328,928	14,481	328,928	14,481
SALUIT	58	0.75	2	1	1	1	322,805	32,792	32,792	31,821	337,250	314,409	314,409	328,928	14,481	328,928	14,481	328,928	14,481
TASILUAG	151	1	2	1	1	1	322,805	32,792	32,792	31,821	337,250	314,409	314,409	328,928	14,481	328,928	14,481	328,928	14,481
URUUAQ	35	0.75	4	1	1	1	322,805	32,792	32,792	31,821	337,250	314,409	314,409	328,928	14,481	328,928	14,481	328,928	14,481
TOTAL	60	1	4	1	1	1	322,805	32,792	32,792	31,821	337,250	314,409	314,409	328,928	14,481	328,928	14,481	328,928	14,481
PRISE	13.40																		

ALLOCATION ISOLEMENT

1	121,769	111,96
2	122,263	112,23
3	122,792	112,32

BUDGETS-SALAIRES 1994

[illegible]

NIVYAL		SARAIN		SARAIN	
1	126,710.00		31264		
2	327,741.00		31334		
3	328,813.00		31385		

ALLOCATION ISOLEMENT					
11.4.409	16.207	312.264	16.938	19.432	35.096
16.96	33.95	35.90	33.35	34.53	32.03

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HLA-Inuit Programme 1993-1995
Indicateurs d'impact selon la construction du programme proposé et besoins jusqu'en 2006

Total des 14 villages	1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006													
Nombre de familles au 1er janvier	1779	1863	1950	2037	2129	2222	2311	2398	2501	2605	2708	2821	2933	3042
Nouvelles familles de l'année	84	87	87	92	93	89	87	103	104	103	113	112	109	109
Nombre de familles à la fin de l'année	1863	1950	2037	2129	2222	2311	2398	2501	2605	2708	2821	2933	3042	3151
Nombre de logements au 1er janvier	1512	1571	1643	1677	1677	1677	1677	1677	1677	1677	1677	1677	1677	1677
Besoin (Log. additionnels)	351	379	394	452	545	634	721	824	928	1031	1144	1256	1365	1474
Logements désuets à remplacer	35	23	16											
Besoin (Log. additionnels+remplacements)	386	402	410	452	545	634	721	824	928	1031	1144	1256	1365	1474
Programme 1993-1995														
•Ajouts	71	79	49											
•Remplacements	64	72	34											
•Ajouts	7	7	15											
•Remplacements	315	323	361	452	545	634	721	824	928	1031	1144	1256	1365	1474
•Ajouts	287	307	360	452	545	634	721	824	928	1031	1144	1256	1365	1474
•Remplacements	23	16												

Population :	Personnes logées au 1er janvier	7243	7512	7790	8078	8373	8644	8915	9186	9457	9735	10013	10291	10569	10847
Parc :	Nombre de chambres au 1er janvier	4524	4674	4892	4994	4994	4994	4994	4994	4994	4994	4994	4994	4994	4994
Indicateurs d'impact au 1er janvier de chaque année :	Famille/logement	1.18	1.19	1.19	1.21	1.27	1.32	1.38	1.43	1.49	1.55	1.61	1.68	1.75	1.81
	Personnes/logement	4.79	4.78	4.74	4.82	4.99	5.15	5.32	5.48	5.64	5.81	5.97	6.14	6.30	6.47
	Personne/chambre	1.60	1.61	1.59	1.62	1.68	1.73	1.79	1.84	1.89	1.95	2.01	2.06	2.12	2.17
	Situation à la fin 1990-1992														
	Situation à la fin du plan 1993-1995														

Nombre de familles Inuit de 1992 à 2006

Village	1992R	1993E	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Akullivik	87	91	95	99	103	108	113	118	122	127	132	137	143	149	155
Aupaluk	28	29	30	31	32	33	34	35	36	38	40	42	44	46	48
Inukjuag	245	257	269	282	295	308	321	334	347	362	377	392	408	424	440
Ivujivik	58	61	64	67	70	73	76	79	82	86	90	94	98	102	106
Kangisualuujjuag	129	135	141	148	155	162	169	176	183	191	199	207	216	225	233
Kangisjuag	92	97	102	107	112	117	122	127	132	138	144	150	156	162	168
Kangirsuk	89	93	97	102	107	112	117	122	127	132	137	142	148	154	160
Kuujjuag	271	284	297	311	325	340	355	369	383	399	416	433	451	469	486
Kuujjuarapik	135	142	149	156	163	170	177	184	191	199	207	215	224	233	242
Povungnituk	224	235	246	258	269	281	293	305	316	330	344	358	373	388	402
Quaqtaq	58	61	64	67	70	73	76	79	82	86	90	94	98	102	106
Salluit	165	173	181	189	197	206	215	224	232	242	252	262	273	284	295
Tasiujaq	35	37	39	41	43	45	47	49	51	53	55	57	59	61	63
Umiujaq	80	84	88	92	96	100	104	108	112	117	122	127	132	137	142
Total	1696	1779	1863	1950	2037	2129	2222	2311	2398	2501	2605	2708	2821	2933	3042
Croissance (nb)	83	84	87	87	87	92	93	89	87	103	104	103	113	112	109
Croissance (%)	4.9	4.7	4.7	4.5	4.5	4.4	4.0	3.8	4.3	4.2	4.0	4.2	4.0	4.0	3.7

Note : au 1er janvier de chaque année

R: réalisé E: estimé

Source: SHQ-SHA

POPULATION INUIT LOGÉE AU 1ER JANVIER 1992
 ET PRÉVISION 1993-2006
 PAR VILLAGE ET PAR SEXE

AU 1ER JANVIER	14 VILLAGES		
	FEMALE	MALE	TOTAL
1992R	3361	3621	6982
1993E	3491	3752	7243
1994	3623	3889	7512
1995	3761	4029	7790
1996	3904	4174	8078
1997	4050	4323	8373
1998	4185	4459	8644
1999	4320	4595	8915
2000	4455	4731	9186
2001	4590	4867	9457
2002	4728	5007	9735
2003	4866	5147	10013
2004	5004	5287	10291
2005	5142	5427	10569

Annex 5

ENTENTE ENTRE:

Le GOUVERNEMENT DU CANADA, ici représenté par son ministre des Affaires indiennes et du Nord canadien et responsable des Affaires Inuit, M. JOHN MUNRO

Ci-après appelé "le CANADA"

ET:

le GOUVERNEMENT DU QUEBEC, ici représenté par son ministre de l'Energie et des Ressources, M. YVES BERUBE et par son ministre des Affaires Intergouvernementales, M. CLAUDE MORIN

Ci-après appelé "le QUEBEC"

ATTENDU QUE le Québec s'apprête à s'acquitter de responsabilités présentement assumées par le ministère des Affaires Indiennes et du Nord canadien dans la dispensation aux Inuit du Nouveau-Québec des services de logement, d'approvisionnement en électricité et en eau, d'installations sanitaires et des services municipaux connexes.

ATTENDU QUE le Canada est disposé à céder au Québec les installations, maisons, équipements et véhicules qui sont sous l'administration et sous le contrôle du ministère des Affaires Indiennes et du Nord canadien et qui sont affectés à la dispensation desdits services.

ATTENDU QUE le Québec est disposé à accepter lesdites installations, maisons, équipements et véhicules.

Les parties conviennent de ce qui suit:

1.1 Le Québec assume, à la complète exonération du Canada, l'entière responsabilité de fournir aux Inuit des villages situés au nord du 55^{ème} parallèle, les services suivants fournis par le ministère des Affaires indiennes et du Nord canadien:

- a) les services de logements, d'approvisionnement en eau, d'installations sanitaires et les services municipaux connexes;
- b) les services d'approvisionnement en électricité.

2.1 Le Canada cède au Québec qui accepte, les biens suivants qui servent déjà aux fins des services mentionnés à l'article 1.1:

- a) les maisons construites en vertu du programme d'habitations nordiques spécifiquement énumérées à l'annexe 1 qui fait partie intégrante de la présente entente, dont le ministère des Affaires indiennes et du Nord canadien a le contrôle et l'administration;
- b) les installations, résidences, équipements et véhicules spécifiquement énumérés à l'annexe 2 qui fait partie intégrante de la présente entente, dont le ministère des Affaires indiennes et du Nord canadien a l'administration et le contrôle et qui sont affectés au service d'approvisionnement en électricité.
- c) les bâtiments et les véhicules spécifiquement énumérés à l'annexe 3 qui fait partie intégrante de la présente entente dont le ministère des Affaires indiennes et du Nord canadien a l'administration et le contrôle et qui sont affectés à l'administration des services mentionnés à l'article 1.1.

3.1 Le Canada cède aussi au Québec tout droit qu'il peut avoir sur les terrains où sont situés les installations, maisons et équipements visés par la présente entente. Néanmoins, cette cession de droit n'est, en aucune façon, une reconnaissance que le Canada a un droit quelconque aux terrains concernés.

4.1 Le Canada cède les biens décrits à l'article 2.1 et aux annexes 1, 2 et 3 dans leur état actuel. De plus, il les cède sans garantie contre les défauts des biens cédés, y compris les défauts cachés.

5.1 Le Québec accepte les biens décrits à l'article 2.1 et aux annexes 1, 2 et 3 avec et sujet aux ententes ou contrats les concernant et assume les obligations y prévues pour le Canada. Le Canada subroge le Québec dans tous les droits lui résultant desdites ententes ou desdits contrats avec droit pour le Québec d'en percevoir les loyers, s'il y en a, à compter de la prochaine échéance.

Le Canada cède expressément au Québec, qui accepte, ses droits dans les contrats suivants et le Québec assume les obligations y prévues pour le Canada:

- a) contrat intervenu entre Sa Majesté la Reine du Chef du Canada et The Bell Telephone Company of Canada le 15 mai 1964;
- b) le protocole d'entente sur l'électricité signé par l'Hydro-Québec, le 21 décembre 1973, le Québec, le 29 janvier 1974 et le Canada le 1er mars 1974, mais en autant seulement qu'il affecte l'un ou l'autre des villages visés à l'article 1.1;
- c) contrat intervenu entre Sa Majesté la Reine du Chef du Canada et Shell Canada Limited, le 1er septembre 1976, sujet à l'accord de Shell Canada Limited;

- d) bail des garçonnières numéros 404A et 404B, situées à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, le quinze novembre mil neuf cent soixante-dix-neuf;
- e) bail du bâtiment numéro 406, situé à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, le quinze novembre mil neuf cent soixante-dix-neuf;
- f) bail du bâtiment numéro 411, situé à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, le quinze novembre mil neuf cent soixante-dix-neuf;
- g) bail du bâtiment numéro 414, situé à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, le quinze novembre mil neuf cent soixante-dix-neuf;
- h) bail du bâtiment numéro 415, situé à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, le quinze novembre mil neuf cent soixante-dix-neuf;
- i) bail du bâtiment numéro 416, situé à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, signé le dix-huit septembre mil neuf cent quatre-vingt par le locataire et signé le six octobre mil neuf cent quatre-vingt par le locateur;
- j) bail du bâtiment numéro 418, situé à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, le quinze novembre mil neuf cent soixante-dix-neuf;
- k) bail du bâtiment numéro 419, situé à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, le quinze novembre mil neuf cent soixante-dix-neuf;

- l) bail du bâtiment numéros 421-422 (jumelé) situé à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, le quinze novembre mil neuf cent soixante-dix-neuf;
- m) bail du bâtiment numéro 428, situé à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, le quinze novembre mil neuf cent soixante-dix-neuf;
- n) bail du bâtiment numéro 431, situé à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, signé le deux juillet mil neuf cent quatre-vingt par le locataire et signé le trente et un juillet mil neuf cent quatre-vingt par le locateur;
- o) bail des maisons mobiles numéros 442 et 443, situées à Fort Chimo, par Sa Majesté la Reine du Chef du Canada à l'Administration régionale Kativik, le quinze novembre mil neuf cent soixante-dix-neuf;
- p) bail du bâtiment numéro 449, situé à Poste-de-la-Baleine, par Sa Majesté la Reine du Chef du Canada à la Corporation de l'Hôpital de l'Ungava, signé le neuf juillet mil neuf cent quatre-vingt par le locataire et signé le trente et un juillet mil neuf cent quatre-vingt par le locateur;
- q) bail du bâtiment, modèle 455-30, 3 chambres à coucher, (année de construction 1979) situé à Akulivik, par Sa Majesté la Reine du Chef du Canada à la Corporation de l'Hôpital de l'Ungava, signé le neuf juillet mil neuf cent quatre-vingt par le locataire et le trente et un juillet mil neuf cent quatre-vingt par le locateur.

5.2

Advenant le cas où Shell Canada Limited ne donne pas son accord au transfert mentionné à l'article 5.1 c), les parties conviennent que le Canada réduira l'un ou l'autre des paiements prévus à l'article 7.1, de tout montant que le

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Canada aura payé à Shell Canada Limited en vertu dudit contrat pour les quantités de produits pétroliers qui seront livrées dans les installations, résidences, maisons et bâtiments énumérés à l'article 2.1, entre le premier juillet mil neuf cent quatre-vingt (1er juillet 1980) et le trente et un août mil neuf cent quatre-vingt-un (31 août 1981).

6.1 Parmi les membres du personnel du Canada affecté au service de la production et de la distribution d'électricité dans les villages visés à l'article 1.1, le Québec accepte d'engager ceux qu'il jugera aptes à occuper ces postes.

7.1 Le Canada s'engage à verser au Québec, en considération des présentes, la somme totale de SOIXANTE-DOUZE MILLIONS DE DOLLARS (\$72,000,000.00)^(*), payable comme suit:
\$5,000,000.00, ^(*) le premier août 1980;
\$3,000,000.00, ^(*) le premier décembre 1980;
\$3,000,000.00, le premier mai de chacune des années 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988;
\$3,000,000.00, le premier août de chacune des années 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988;
\$2,000,000.00, le premier décembre de chacune des années 1981, 1982, 1983, 1984, 1985, 1986, 1987, 1988.

8.1 Le Québec assume, à l'égard des services mentionnés à l'article 1.1, les responsabilités exercées par le ministère des Affaires indiennes et du Nord canadien et attribuées au Canada aux termes de la Convention de la Baie James et du Nord québécois.

8.2 Le Québec ne pourra exiger du ministère des Affaires indiennes et du Nord canadien, aucune autre participation financière directe ou indirecte additionnelle à ce qui est prévu à l'article 7.1 pour la mise en place d'un système unifié conformément à l'article 29.0.40 de la Convention de la Baie James et du Nord québécois.

(*) Cette somme sera réévaluée au moment de la signature de l'entente pour tenir compte des engagements financiers pris par le M.A.I.N. pour les services décrits à l'article 1.1, entre le 1er avril 1980 et la date de la signature.

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- 9.1 - A compter du dix février mil neuf cent quatre-vingt-un, le Québec sera totalement et seul responsable des biens qui lui sont cédés en vertu de la présente entente et il s'engage à tenir indemne et à couvrir le Canada contre toutes réclamations, demandes, pertes, frais, dommages, actions, poursuites ou autres recours par ou au nom de toute(s) personne ou personnes, et qui résulteraient de quelque manière que ce soit, de quelque forme de travail, activités ou choses quelconques que le Québec ou ses agents auraient fait ou omis de faire relativement à la possession, utilisation ou occupation des biens présentement cédés ou relativement aux services qu'il a assumés ou qui résulteraient de la négligence ou de la faute du Québec, ses agents, mandataires, préposés ou employés, ouvriers, entrepreneurs et sous-entrepreneurs en rapport avec ces biens ou ces services.
- 9.2 Avant le dix février mil neuf cent quatre-vingt-un, le Canada s'engage à tenir indemne et à couvrir le Québec contre toutes réclamations, demandes, pertes, frais, dommages, actions, poursuites ou autres recours par ou au nom de toute(s) personne ou personnes, et qui résulteraient de quelque manière que ce soit, de quelque forme de travail, activités ou choses quelconques que le Canada ou ses agents auraient fait ou omis de faire relativement à la possession, utilisation ou occupation des biens présentement cédés ou relativement aux services qu'il a rendus ou qui résulteraient de la négligence ou de la faute du Canada, ses agents, mandataires, préposés ou employés, ouvriers, entrepreneurs ou sous-entrepreneurs en rapport avec ces biens ou ces services.
- 10.1 Aucun membre de la Chambre des Communes ne pourra être partie à la présente entente ni profiter des avantages qui en découlent.
- 11.1 Nonobstant les listes auxquelles il est référé à l'article 2.1, il n'y a et n'y aura aucune obligation pour le Canada de délivrer ce qui est mentionné dans lesdites listes mais non trouvé sur les lieux.
- 12.1 La présente entente prend effet lorsqu'elle est signée par les parties.

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EN FDI DE QUOI, les parties ont signé les présentes en sept
copies originales aux lieux et places ci-après mentionnés.

POUR LE CANADA

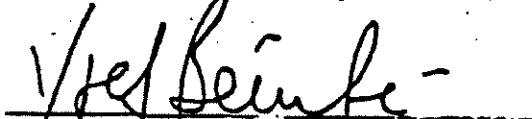
à Montréal, Québec, ce *treizième* jour du mois
de *février* mil neuf cent quatre-vingt-un (1981).



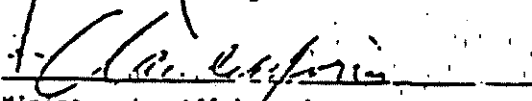
Ministre des Affaires indiennes et
du Nord canadien

POUR LE QUEBEC

à Québec, ce *deuxième* jour du mois de *février*
mil neuf cent quatre-vingt-un (1981).



Ministre de l'Énergie et des Ressources



Ministre des Affaires intergouvernementales

Annex 6

OPERATING AGREEMENT

Contract signed in duplicate, on March 18
1981

BETWEEN:

La SOCIETE D'HABITATION DU QUEBEC, a political body incorporated
by the Québec Housing Corporation Act (S.Q. 1966-67 c. 55),
with its head office at Québec in the district of
, represented by Monsieur Jean-Luc Lesage
and M

duly authorized by a resolution of the Société dated, September 24, 1980
(Hereby called the "SOCIETE"),

AND

The CORPORATION OF THE NORTHERN VILLAGE OF KUJJUAQ, a corporation
legally constituted, under the Act concerning northern villages and
the Kativik Regional Government (1978, chapter 87, section 13),

with its head office at Kuujuaq in the
district of represented by His Honour the
Mayor John E. Watt, and by the secretary-treasurer Ian D. Robertson
duly authorized by resolution no. 81-52 of the Municipal Council of
Kuujuaq, dated the fourth (4th) day of March, 1981.
(Hereby called the "CORPORATION")

SINCE, under section 27 of regulation respecting housing enacted under the Act, the Société and the Corporation must conclude an operating agreement determining the rental condition, the financial and administrative measures, the conditions of maintenance and any other matter likely to safeguard the original purpose and character of the buildings, as well as the particulars of payment of the grant in virtue of section 31;

SINCE the Société and the Corporation have been authorized by Order in Council Number 126903, dated April 22nd 1980 to conclude this agreement for the above-mentioned purposes;

CONSEQUENTLY, the parties agree as follows:

1. Definitions

Unless the context dictates otherwise, the following words and expressions mean:

- (a) "Act": The Québec Housing Corporation Act.
- (b) "Operating deficit": The difference between the total gross revenue and the total operating costs.
- (c) "Gross revenue": all revenue from the rental housing units designated in article 2 of this agreement and money received for services rendered, grants, assets disposal and interests.
- (d) "Operating costs": all the operating expenses related to the housing project according to the standards and guideline of the "Société", including in particular:

- I) administration
- II) operation
- III) maintenance
- IV) improvement and modernization
- V) purchase of machinery and equipment
- VI) municipal taxes

(e) "Low income family or person": any family or person whose income, according to the table attached as a schedule to the regulation, does not make it possible to rent a dwelling which meets the standards set forth in Division V of Schedule A to the Regulation respecting urban renewal, and corresponds to the family's or person's needs.

(f) "Fiscal year": The calendar year, that is, from January 1 to December 31 inclusive.

(g) All other words and expressions are to be interpreted as they are defined or used in the Act or in the Société's regulations.

2. Designation of buildings

The buildings covered by this agreement include housing units located in the municipality of Kuujjuaq and described in annex "A", attached with the present agreement.

3. Eligibility and rental priority

In accordance with the guideline of the Société, the Corporation will rent the dwellings covered by this housing program to any low income family or person.

4. Amount of rent

The rental rates will conform to the rates established in the rent scale of the Société, approved by the Government. The monthly rent paid by social welfare recipients will be the amount agreed upon by the Société and the ministère des Affaires sociales and approved by the Government. The Société will inform the Corporation immediately of any change in the rental rates decreed by the Government.

5. Occupancy conditions and standards

The Corporation may not impose on tenants any condition or standard for occupancy or rental other than those set forth in this agreement or decreed by the Société.

6. Lease

Every lease must be in the form and follow the wording approved by the Société.

7. Tenant participation

The Corporation must make provisions to interest tenants in the maintenance and administration of the project.

8. Verification of family income and status

The Corporation must check the family income and status before it lets a dwelling, whenever a lease is renewed and periodically in accordance with the guidelines of the Société.

The Corporation will abide by the guidelines of the Société with regard to rents and to continuation and renewal or termination of leases for tenants whose family status or income is changed.

9. Budgets and financial statements

(a) No later than three months before the beginning of each fiscal year of the Société, the Corporation must forward a budget to the Société for approval.

those provided for in the budget approved by the Société or specifically authorized later on a request, which is justified. The Corporation agrees to defray any expenditure made that is not authorized in this manner. It must immediately advise the Société of any additional revenue not provided for in the budget. In emergency circumstances the Corporation may appropriate funds, but it must obtain the Société's ratification as soon as possible.

- (c) In addition, the Corporation must forward to the Société, on forms provided for this purpose, a quarterly statement of its revenue and expenditure related to the program and covering the periods ending on March 31, June 30, September 30 and December 31 of each year.
- (d) No later than three months after the end of the fiscal year, the Corporation must submit to the Société a detailed and separate statement of revenue and expenditure duly certified and in the form prescribed by the Société, corresponding to each budget required under Paragraph (a), as well as the consolidated annual balance sheet of the Corporation.

10. Identification of operating costs

To determine the participation of the Société in the subsidies to be paid relatively to the deficit for a fiscal year, the operating costs must not exceed:

- (a) the amounts actually paid or incurred for the whole of that year within the budget approved by the Société.
- (b) any amount established by the Société for the purpose of providing for losses or damage to property or claims for injuries, damages or other claims where the liability of the parties could be involved.

educational services provided for tenants, on which the parties to this contract have agreed in advance.

No cost or service not related directly to providing housing may be included in operating expenses unless the parties have previously agreed on the matter. No reserve may be constituted without the approval of the Société.

11. Administration

The Corporation must ensure efficient administration of the housing project in accordance with the Act and the regulations and directives of the Société, and maintain the dwellings in good condition, to the entire satisfaction of the Société.

12. Maintenance and improvement

The Corporation must provide in its budget for the expenditures necessary to maintain the project in a satisfactory physical state. Any expenditure intended to improve or alter the project must also be provided for in the budget and be approved by the Société.

13. Operating subsidy

The Société agrees to pay subsidies to the Corporation to cover operating deficits approved by the Société, in accordance with section 31 of the Société's Regulation respecting housing.

14. Balance of subsidies

Payment of the balance of subsidies not paid for one year will be made by the Société after it receives and verifies the certified financial statements, and according to whether they have been approved by the Société.

15. Surplus and contributions

If the Corporation has a surplus at the end of a fiscal year or receives contributions from any other source which result in an operating surplus, the surplus must appear as revenue in the budget for the next year, to be applied to the operating deficit, or the Corporation will dispose of it according to the instructions of the Société.

16. Municipal assessment of a housing project and taxation

The Corporation must forward to the Société any notice or information from the municipality regarding the assessment of the designated buildings for taxation purposes and any notice or information regarding taxation which affects the occupants of the buildings.

17. Destruction

In the event of partial destruction of the building, the Société will determine the measures to be taken, after consultation with the Corporation.

In the event of total destruction of a building, this agreement will be modified at a date determined by the Société, after consultation with the Corporation as to the adjustments to be made with regard to the operating deficit relating to that part of the year during which the project was in operation.

18. Auditing

At any reasonable time, the Société may check the books, registers, data and other documents of the Corporation relating to the designated buildings, and inquire into any fact related to the fulfilment of this agreement.

19. Statistical and other reports

The Corporation will supply the Société with any statistical information which it may require.

20. Preservation of documents

The Corporation must keep all documents, cards, registers and account regarding the buildings in the program and their operation as long as necessary to guard against prescription and in any event for a minimum of seven years.

21. Duration of subsidies

- (a) Articles 13, 14 and 15 of this agreement will remain in effect for one year, and unless the Société gives three months prior notice to the contrary, they may be renewed year by year for a total of 50 years from the starting date of the eligibility for grants.
- (b) This agreement will remain in effect until the creation of a municipal corporation or municipal housing bureau, depending of the case, whom by way of a resolution, after agreement to this effect with the "Société", will take in charge of the attributed responsibilities to the present Corporation by the actual convention, as well as the assets and liabilities of the Corporation at the time of the take over.

22. Cooperation

The Corporation, its agents and employees will cooperate fully with the Société, and in particular will provide access to the premises at any reasonable time and on request, supply any report, document copy or information in their possession or under their control. Any application, report or communication with the Société must be made in the manner, within the time limits and with all the particulars that the Société may require.

The Corporation agrees to respect any directive issued by or on behalf of the Société to ensure that this agreement is properly carried out and its objectives fulfilled, even if the directive has the effect of interpreting, going beyond or altering provision of the agreement.

23. Recognition as a non-profit organization

The Corporation agrees not to modify, without the consent of the Société, any of the conditions under which it has been recognized as a non-profit organization within the meaning of the Québec Housing Corporation Act. Every appointment and replacement of its members and every change in the structure or composition of its board of directors, including the election of its directors, must be approved by the Société.

24. Other projects

The Corporation agrees not to hold, operate or administer projects other than those mentioned at Article 2 of the present agreement, unless specific agreement has been obtained by the "Société".

25. Default

If the Corporation does not respect all the terms of the agreement present, past or future, or all the obligation arising from the agreement or otherwise assumed, or imposed by a law or a regulation, or in virtue of, the "Société" may, in addition and cumulatively to all rights or appeal, end the present agreement or appoint a delegated administrator.

If the "Société" estimates that the Corporation is at fault and appoints a delegated administrator, notwithstanding all other disposition until the "Société" decides otherwise:

- (a) All decisions of the Corporation's, officers, agents or employees in virtue of the agreement, will require their previous consent from the delegated administrator;
- (b) The delegated administrator may take all the decisions for and in the name of the Corporation that the Corporation may delegate to a person in virtue of the Act and his function, and the Corporation, by the present agreement, specifically gives this delegation in this case, to the administrator that the "Société" will appoint;
- (c) The Corporation engages itself not to act, for the decisions it cannot delegate, without consulting the delegated administrator of whom it will respect the recommendations.

AND THE PARTIES have signed:

at Kuujuaq, Quebec

on the fifth (5th) day of March, 1981.

J. L. Watt
David. Kibben

Joyce Poyan
Witness

at Québec

on March 18,

1981

J. L. Watt

Joyce Poyan
Witness

Annex 7

EXCERPT from the Agreement respecting the Implementation of the James Bay and Northern Québec Agreement between Her Majesty the Queen in Right of Canada and Makivik Corporation (the '1990 Implementation Agreement') entered into on the 12th day of September 1990.

9. Acknowledgements

- 9.1. The Inuit of Quebec acknowledge that payment to them by Canada of the sum referred to in paragraph 8.1 above completely fulfills whatever financial responsibility, if any, Canada may have to the Inuit of Quebec under the JBNQA for the following:
- a) Inuit costs related to the implementation negotiations giving rise to this Agreement and to the Inuit participation in and representation on the Working Groups;
 - b) Other than any rights the Inuit may have under paragraphs 2.11 and 2.12 of the JBNQA for ongoing programs and funding, any rights the Inuit may have under the JBNQA for a financial contribution by Canada for funding the following:
 - 1) The operation and administrative costs of Inuit Landholding Corporations;
 - 2) Inuit Heritage, Culture and Language Preservation;
 - 3) Wildlife studies, research, and harvest monitoring by Makivik, the KRG, or a related Inuit organization; the foregoing shall not prevent such entities from carrying out such activities themselves or with the cooperation or under the control of Canada;
 - 4) Transportation, including the various items referred to in paragraph 29.0.36 of the JBNQA, provided that Canada executes an agreement establishing a Northern Quebec Marine Transportation Infrastructure Program in accordance with the provisions of Annex E (Marine Transportation) attached hereto;

- 5) Hiring and training of Inuit conservation officers (paragraph 24.10 of the JBNQA), without prejudice to any application of Section 29 of the JBNQA (employment priority);
- 6) Establishment of detention institutions referred to in paragraphs 20.0.25 and 20.0.26 of the JBNQA, without prejudice to the rights of all Inuit persons to be detained in accordance with the provisions of paragraph 20.0.26 of the JBNQA;
- 7) Any costs related to the Umiujaq relocation (paragraph 6.4 of the JBNQA);
- 8) Training centres and related facilities (paragraph 29.0.25 of the JBNQA).

Training centres and facilities are not in the current five year (89-94) education capital plan for the Kativik School Board as presented by Quebec and approved by Canada. Canada reserves the right to oppose the inclusion of such training centres and facilities in any education capital budgets for future years; but if they are included in a capital budget approved by Canada for the period after March 31, 1994, Canada would fund its capital portion in accordance with paragraph 17.0.85 of the JBNQA.

However, if such a facility is built before March 31, 1994, Canada will pay, in accordance with paragraph 17.0.85 of the JBNQA, 25% of the overhead costs unfunded by other programs; (but will not pay other operations and maintenance costs), up to a maximum of fifty thousand 1989 dollars (\$50,000; 1989 dollars) per year. If the facility is built after March 31, 1994, the same rule shall apply except for the \$50,000 (1989 dollars) maximum.

9.2. The Inuit of Quebec acknowledge that Canada, subject to the conditions set out hereinbelow, has fulfilled and/or is fulfilling, as the case may be, any obligations it may have under the provisions of Section 29 of the JBNQA referred to below with respect to the following:

- a) Employment and Contract Priority, provided that Canada performs its obligations under Annex A (Inuit Employment and Contract Priority) hereto, and for as long as the policies proposed therein are in effect (paragraphs 29.01, 29.03, and 29.0.28 to 29.0.32 of the JBNQA);
- b) Manpower and Training, provided that Canada performs its obligations under Annex D (Manpower and Training Programs)

hereto, and for as long as the agreements proposed therein are in effect (paragraphs 29.0.1, 29.0.3, 29.0.4 and 29.0.24 to 29.0.27 of the JBNQA);

c) Economic and Social Development, provided that Canada performs its obligations under Annex F (Socio-Economic Development) hereto, and for as long as the agreements proposed therein between the KIF/KRDC and ISTC, and between the KIF/KRDC and DIAND are in effect, (paragraphs 29.0.1, 29.0.3, 29.0.4, 29.0.33 to 29.0.35 and 29.0.37 to 29.0.39 of the JBNQA);

d) Paragraph 29.0.36 of the JBNQA, provided that Canada executes an agreement establishing a Northern Quebec Marine Transportation Infrastructure Program in accordance with Annex E (Marine Transportation) hereto.

9.3. The Inuit of Quebec acknowledge that Canada, provided it participates in the Justice/Solicitor General Working Group(s) as outlined in Annex C hereto, has fulfilled its obligations under paragraphs 20.0.20 and 20.0.21 of the JBNQA.

9.4. For each Annex A to G, once the various recommendations, reports, draft agreements, and memoranda of understanding or draft policies, as the case may be, have been agreed to and are in effect in accordance with the provisions of the Annex in question, Canada shall have no outstanding obligations arising under the said Annex.

10. Representation and Warranty; Indemnification

10.1. Makivik hereby represents and warrants to Canada that it is duly acting on behalf of the Inuit of Quebec.

10.2. Provided Canada shall have complied with all of its financial obligations hereunder and provided Canada is in compliance with the warranty hereby given that it is not aware of any claim (as hereafter defined), Makivik Corporation or its successors ("Makivik") agrees to indemnify and hold Canada harmless from and against all manner of financial obligation or responsibility, including damages and reasonable legal and other costs, resulting from any claim or action (collectively the "claim") by the Inuit of Quebec, collectively or individually, against Canada, after the execution of this Agreement and arising from or related to any financial obligation or responsibility that Canada may have towards the Inuit of Quebec, for which Canada has obtained from Makivik, on behalf of the Inuit of Quebec, express acknowledgements under Section 9 herein, provided such acknowledgements, wherever conditional, remain in effect and subject to the conditions and on the terms set out hereinafter:

Annex 8



Social Housing Waiting List

This list was compiled by the Kativik Regional Government during October 1998 from information faxed by each Northern Village.

This list was compiled by the Kativik Regional Government during October 1998 from information faxed by each Northern Village.

Annex 9

**HOUSE OF COMMONS
STANDING COMMITTEE ON ABORIGINAL AFFAIRS AND NORTHERN DEVELOPMENT**

The Housing Situation in Nunavik: A Public Health Priority

Prepared by:
Dr. Serge Déry
Public Health Regional Director
For the Nunavik Regional Board of Health and Social Services
November 3, 1998

THE HOUSING SITUATION IN NUNAVIK: A PUBLIC HEALTH PRIORITY

One of the Public Health mandates is to identify and act on the various factors that affect the population's health. As such, the housing situation in Nunavik constitutes an intervention priority for the regional Department of Public Health.

INTERNATIONAL AND NATIONAL RECOMMENDATIONS ON HOUSING

Several international and national organizations have issued recommendations on the definition of healthy housing. All agree that access to adequate housing constitutes a universal right and that the definition of adequate housing goes beyond the simple physical structure. Each occupant in a given dwelling must have access to an acceptable minimum of privacy.

According to the World Health Organization, the fundamental elements of a healthy residential environment include:

- a separate housing unit for each family, if desired;
- a sufficient number of rooms and an interior volume conducive to the health and safety of the occupants and which avoid overcrowding of common areas and bedrooms;
- appropriate separation of bedrooms, with separate rooms for adolescents and adults of opposite sexes (except the parents);
- a sufficient supply of running water.

According to the United Nations, inadequate and unsafe housing conditions may lead to social and political instability and hinder economic development. It is important to provide housing that can accommodate large families, particularly those with children who have reached adulthood.

The American Public Health Association has identified a series of criteria for adequate housing. Among these criteria, we find:

- satisfaction of fundamental physiological needs
 - adequate space for children to play
 - protection against excessive noise levels
- satisfaction of fundamental psychological needs
 - sufficient privacy for each individual

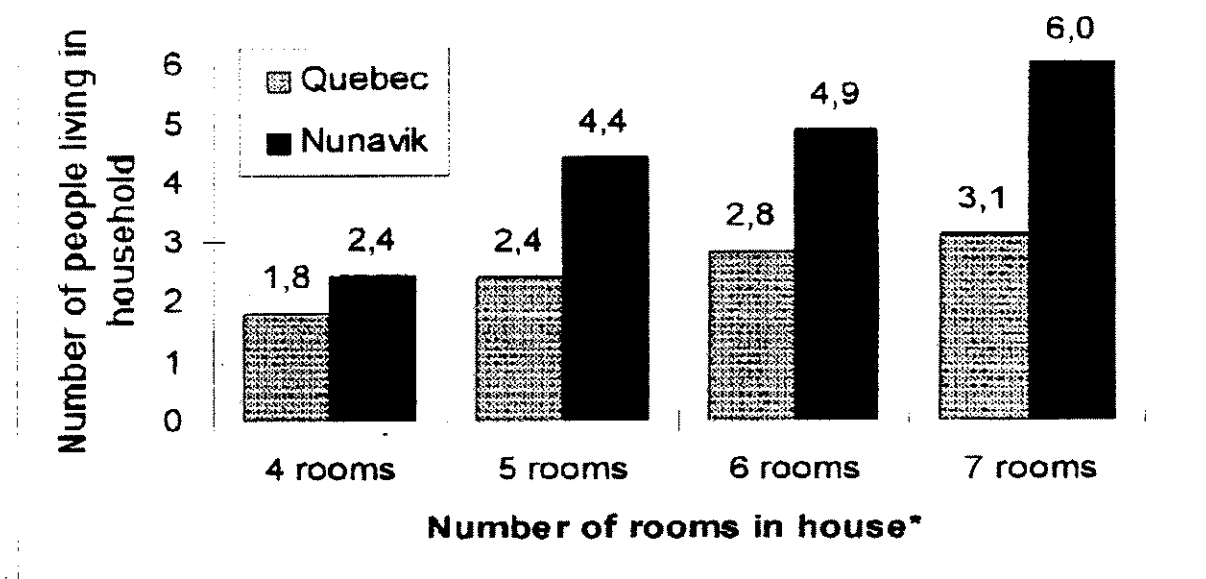
existence of conditions necessary for a normal family life

- protection against contagion
- sufficient running water
- sufficient space in bedrooms to reduce to a minimum the danger of propagating infections

HOUSING SITUATION IN NUNAVIK

Social housing has been provided for the Nunavik population since the sixties. Since then, the number and quality of available housing has improved considerably. However, comparisons between Nunavik data and Quebec data reveal that housing in Nunavik is much more crowded than in the rest of the province (figure 1). Although this is true for each category of housing, the difference increases with household size: nearly three more occupants per unit in Nunavik for units with seven rooms, compared to 0.6 more for units with four rooms.

Figure 1. Average number of persons per household, by household size (1996 Canadian census)



*Includes kitchens, bedrooms and living rooms. Excludes bathrooms, halls and sheds. Comparisons of smaller and larger units were excluded because they are uncommon in Nunavik.

During the eighties and early nineties, the Société d'Habitation du Québec (SHQ) undertook a large-scale construction campaign. At the end of 1995, the construction program for social housing was suspended. The following sections will illustrate the results of this campaign on access to housing and overcrowding.

The table that follows, based on 1991 and 1996 federal census data, presents the changes in the Nunavik housing situation during that period. There has been a very small improvement (approximately 4%) in the situation in Nunavik during the five-year period. However, from 1992 to 1995, the number of available units increased by 15%, from 1 451 to 1 674. The improvement is not more pronounced due to the population's high growth rate, on the order of 2.8% per year.

Table 1. Average number of people per household*
(Canadian census)

	1991	1996	Change
Quebec	2.6	2.5	-0.1
Nunavik	4.4	4.2	-0.2
Kangiqsualujuaq	4.7	4.7	0
Kuujuuaq	3.5	3.4	-0.1
Tasiujaq	4.9	4.5	-0.4
Aupaluk	4.4	4.2	-0.2
Kangirsuk	4.5	4.2	-0.3
Quaqtaq	4.2	4.1	-0.1
Kangiqsujuaq	4.7	4.3	-0.4
Saltuit	5.3	4.7	-0.6
Ivujivik	5.5	4.8	-0.7
Akulivik	5.4	4.4	-1
Puvirnituq	4.7	4.3	-0.4
Inukjuak	4.7	4.4	-0.3
Umiujaq	4.3	4.1	-0.2
Kuujuaraapik	3.1	3.5	0.4

* Does not take into account distribution of dwelling sizes and includes all residents.

There are various ways of defining overcrowded housing. According to the Medical Services Branch of Health Canada, overcrowding exists when more than two persons share the same bedroom or when spaces other than the bedrooms must serve as sleeping areas. According to a global agreement on social housing signed in 1986 by the federal government and the provinces, an overcrowded dwelling is one with more than one person per room (excluding bathrooms, hallways, pantries, closets and offices).

As a more direct measure of overcrowding, the SHQ uses a formula based on the number of bedrooms, the number of adults and children, the relationships between the adults and the age and gender of the children. With this formula, the incidence of overcrowding in social housing was 26% in 1992 (an improvement compared to 31% in 1989), varying from 11% in Quaqtaq to 43% in Ivujivik (see table 2). Note the very rapid deterioration of the situation in two villages (Ivujivik and Tasiujaq) over a three-year period, with the absence of an adequate construction program.

Another way of estimating overcrowding is to determine the proportion of units with more than one family. In 1996, in Nunavik, 5.5% of dwellings housed more

Table 2. Summary of overcrowding by village, 1989 and 1992¹

Village	1989	1992
Kangiqsualujuaq	45.2	24.3
Kuujuuaq	26.3	23.5
Tasiujaq	30.8	42.3
Aupaluk	11.5	11.5
Kangirsuk	28.4	23.1
Quaqtaq	30.4	10.5
Kangiqsujuaq	28.8	30.5
Salluit	43.7	37.5
Ivujivik	27.9	42.5
Akulivik	34.9	35.2
Puvirnituq	34.8	24.2
Inukjuak	38.0	28.4
Umiujaq	15.5	18.3
Kuujuaraapik	14.6	19.3
Nunavik	31.3	26.3

¹ SHQ, Plan triennal d'habitation en milieu inuit 1993-1995, August 1992, p.25.

than one family (compared to 0.7% for Québec). By comparison, in 1991, the percentages were 7.1% for Nunavik and 0.7% for Québec.

Given the rapid population growth, all of these data are already outdated. A more up-to-date measure of the housing problem is the number of families on the waiting list for a separate housing unit. According to the survey carried out by the SHQ in 1992, there were 300 families on this list for that year. In 1998, according to the most recent data (October), there were 428 families waiting for housing! We can therefore conclude that in spite of a construction program, the situation has definitely worsened.

What can be expected for the future? In the absence of new construction for the next five years, we will see a definite deterioration of the situation in Nunavik (table 3). In fact, the number of residents per dwelling will reach the same level as that in the mid-eighties, before the SHQ's large-scale construction program.

Table 3. Population per residence ratio, Nunavik Inuit 1970-2003²

Year	Population	Residences	Pop/Residence
1970	3322	519	6.4
1978	4725	750	6.3
1980	4933	783	6.3
1984	5662	1011	5.6
1988	6411	1257	5.1
1992	7102	1511	4.7
1996	7760	1674	4.6
1999	8400	1674	5.0
2001	8800	1674	5.3
2003	9250	1674	5.5

Number of residences assumes no new construction and no loss of existing residences after 1996.

- Only Inuit population and Inuit residences included.
- Residence sizes vary. Change in distribution of unit sizes over time not considered.
- Private and employer-provided housing not counted in number of residences.

² Figures from 1970 to 1992 from "Banque de données sur les communautés isolées du Québec: Tableaux des statistiques régionales 1970-1992 (Hydro-Québec/U. Laval, 1995). 1996 residence counts based on SHQ figures (source: Michel Lanouette, SHQ). 1999 and 2001 populations projected from census figures.

Actually, to maintain the status quo regarding the best results obtained to date (i.e., 4.6 residents per dwelling in 1996), it will be necessary to construct 337 additional housing units between now and the year 2003, which represents an increase of 20% compared to the social housing units currently available (table 4). This construction program will be far from sufficient to bring the ratio to levels observed elsewhere in Québec; such a goal will require doubling the number of housing units currently available!

Table 4. Construction scenarios

Estimated numbers of additional units required to match population
to residence ratios recorded in 1991 and 1996.

	Nunavik Inuit 1996 (best recorded)	Nord-du-Quebec region 1991³	Quebec average 1996³
To match a:	Ratio of 4.6	Ratio of 3.0	Ratio of 2.5
By 1999	152 units needed	1126 units needed	1686 units needed
By 2001	239 units needed	1259 units needed	1846 units needed
By 2003	337 units needed	1409 units needed	2026 units needed

Assumes no loss of existing units and no new "alternate" housing options in Nunavik. Also assumes a consistent distribution of unit sizes (i.e. proportion of residences of various sizes).

IMPACTS OF HOUSING AND OVERCROWDING ON HEALTH

Good health may be defined as the physical, mental, social and spiritual well-being of individuals and communities. All of these elements must be taken into consideration when examining the impacts of housing and overcrowding on health.

³ Population/residence ratios from Statistics Canada census figures.

Although the specific impact of housing on health is difficult to quantify, a review of international medical literature clearly reveals that overcrowded housing is a major risk factor for health. There is a very wide variety of health problems that may be linked to poor housing conditions, from psychological and physiological effects to specific diseases that vary in their associated degrees of morbidity.

Among the afflictions most closely tied to housing conditions are several infectious diseases. Numerous studies have demonstrated that overcrowded housing is associated with a long list of contagious diseases: respiratory tract infections, skin infections (impetigo, scabies, etc.), eye infections, tuberculosis, meningitis, measles, etc. Hospital admission rates for intestinal, skin and ear infections are related to overcrowding.

Other studies have demonstrated that the number of persons sharing the same dwelling is an indicator for repetitive respiratory infections. Overcrowding is associated with bronchopneumonia and mortality due to respiratory problems among children under one year of age.

As the quality of air indoors is influenced by, among other things, the size of the dwelling in relation to the number of individuals sharing it, the observation that overcrowding is associated with certain chronic conditions such as asthma is not surprising.

But, even potentially more alarming than the concern for the risk of overcrowding to individuals' physical health, there may be the threat to the population's mental health. Certain studies suggest that overcrowding, as a chronic source of stress, constitutes a major risk to individual and community psychological well-being. The individual requires a certain level of privacy at home. Although overcrowding is but one factor contributing to stress within families and groups of persons, its importance cannot be neglected. Overcrowding, lack of privacy and personal space, and the impossibility of access to other housing options may push a tense family situation toward deterioration.

At unacceptable levels, overcrowding contributes to interpersonal conflicts within the family and community. In such context, the housing situation may be related to elevated suicide and violence rates.

EFFECTS ON THE NUNAVIK POPULATION'S HEALTH

Overcrowding reinforces the propagation of several infectious diseases, particularly those transmitted through the respiratory tract and through direct contact. Most often, these diseases constitute a greater risk for children and the elderly.

Through its means of transmission, tuberculosis represents one of the diseases most closely associated with overcrowded housing. In fact, family contacts of an active, contagious case of tuberculosis are always considered at high risk of infection. While we may take comfort in the clear reduction in the incidence of tuberculosis in Nunavik over the past several decades, we still have quite a bit of ground to cover. In fact, in 1997, the incidence rate of active tuberculosis among the Nunavik population was more than 10 times that for Québec or Canada. Overcrowded housing can only facilitate continued transmission of tuberculosis, with the negative impacts this infection involves, particularly among youths and children.

Rheumatic cardiac diseases are not subject to mandatory reporting, which makes it difficult to determine their frequency. However, in the opinion of the cardiologist who serves as consultant for the region, these diseases are probably at least 50 times more frequent in Nunavik than in the south. These diseases result from a streptococcus infection. A new system for monitoring invasive streptococcus infections, in use in Québec for two years, demonstrates that Nunavik's incidence rate for these infections is the highest among all the regions in Québec. These elevated rates will continue with the situation of overcrowded housing, because this infection is facilitated by close contact.

Through their connection with overcrowding, respiratory diseases may contribute to rising infant mortality. In Nunavik, the infant mortality rate (i.e., deaths among infants under one year) is 25 per 1000 live births, five times that of Quebec. A large proportion of those deaths are from respiratory causes.

Chronic otitis media, a major health problem in Nunavik, may be caused by various infective agents. During the 1997 evaluation of the Hearing and Otitis program in one of the Nunavik communities, the data revealed that the risk of chronic otitis media among children increases when several children share the same bedroom.

Invasive *Haemophilus influenza* infections are primarily transmitted through the respiratory tract and may cause very serious diseases such as meningitis and epiglottitis, which mainly affect young children. Quite a few years ago now, these diseases particularly affected the Inuit populations, including that of Nunavik. There is good reason to believe that housing conditions contributed to this elevated incidence. Fortunately, the discovery of a very effective vaccine against this disease helped considerably in reducing the number of cases.

Other health problems of an infective nature and whose propagation is facilitated by overcrowding are more difficult to document because they are not reported. Some examples are gastro-enteritis, skin conditions such as impetigo and scabies, and upper respiratory tract infections. Although the medical literature

mentions a higher rate of hospitalization for infections related to poor housing conditions and overcrowding, we should keep in mind that in Nunavik, due to limited accessibility, hospitalization has often been used as a last resort. From clinical observation, impetigo and gastroenteritis were widespread among children in the sixties and the seventies. These have been largely controlled in the following decades with adequate amounts of running water.

We may conclude by stating that housing conditions in Nunavik, where several persons, including young children, live in close contact, can but amplify the risks of transmission and outbreaks of infectious diseases.

The impact of overcrowding on the occurrence of psychosocial problems in Nunavik is more difficult to quantify than that of physical health problems. In spite of this, the consequences, which are often more serious, merit our consideration when assessing the impact of overcrowding.

One indicator of psychosocial distress is the suicide rate. In the past few years, the suicide rate among Nunavik youths has been approximately 20 times higher than that among Québec youths. This, in reality, is but the tip of the iceberg, as the number of completed suicides constitutes only a fraction of the total number of suicide attempts.

Other psychosocial problems that may be related to overcrowding are family violence and sexual abuse. Concerning family violence, overcrowding, which entails a lack of privacy, in combination with the absence of appropriate alternatives, may aggravate the stress on family members and provoke explosive situations. It is also very difficult for women victims of violence to find alternative lodging.

Overcrowding and the presence of more than one family in the same dwelling can, in certain cases, contribute to incidents of sexual abuse. Likewise, the lack of available housing may make it difficult to apply certain solutions to this problem in the communities. Once again, even though the data is difficult to come by, the evidence demonstrates that this problem is very prevalent in Nunavik.

According to the psychosocial workers interviewed, the housing problem contributes much to the elevated prevalence of certain problems in Nunavik, as much in terms of creating problems as in applying solutions. The lack of housing further complicates the management of certain cases of mental illness. When the patient's family requires a certain period of respite, the absence of housing alternatives in several communities may lead to placing the individual in another community, which turns out to be costly yet not very effective. And in

cases of family violence, intervening with the victims and aggressors becomes more complicated because of the lack of housing alternatives.

More subtly, the impact of lack of housing on youths' psychosocial well-being may result from limited access to employment. In fact, due to the lack of available housing, certain employers will advertise positions only locally, to the residents of the locality concerned. The result is that qualified candidates from other communities will be unable to apply.

Also stress on young people can result from the fact that they cannot have their own homes despite being 20 or 25 years old and having kids of their own.

CONCLUSION

As previously mentioned, the direct relationship between housing or overcrowding and certain specific, physical and psychosocial health problems is not always easy to establish. In some cases, the logical link between overcrowding and the health problem is what stands out.

Nevertheless, it is pertinent to ask questions on the impact of housing conditions on the Nunavik population's health when several health indicators point in the same direction. Although the relationship between certain psychosocial problems and overcrowding may be more difficult to prove than that between physical health problems (such as certain infectious diseases) and overcrowding, we believe these links must be considered.

From the point of view of public health, the problems of housing and overcrowding in Nunavik constitute a major risk factor for the population's physical and psychosocial health. If no concrete measures are taken in the very near future to deal with this problem, we will no doubt witness a rapid deterioration of the situation. In fact, if demographic growth remains unchanged, there will be about 1200 more persons in Nunavik within the next five years, i.e. almost one more person per dwelling. With the lack of a program to increase access to housing (including construction of several new units), we may expect, within five years, that around 40 % of dwellings in Nunavik will be overcrowded. And that entails serious risks for the population's health.

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Annex 10



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Assistant Deputy Minister

Sous-ministre adjoint

Ottawa, Canada
K1A 0H4

JUL 25 1993

Mr. Bernard Pennee
Negotiator
Makivik Corporation
Pennee, Silverstone, Vilandré
Barristers & Solicitors
650, 32nd Avenue, Suite 500
LACHINE QC H8T 3K5

Dear Mr. Pennee:

INUIT FORUM

This letter will bring you up to date on the more important issues regarding the implementation of the James Bay and Northern Quebec Agreement.

Let me begin by stating that the Housing in Chisasibi issue is now well on its way to being properly resolved at the satisfaction of all parties involved. As you are well aware, we have secured a negotiating mandate and I understand that several meetings have occurred that have resulted in our party researching the demographic data so that all parties can possess the appropriate information for negotiation. I am pleased at the way that this file is proceeding.

As for the Infrastructure Program related to the 1990 Implementation Agreement, I am told that meetings have resumed and that all of the parties are prepared to work at arriving at acceptable solutions. I understand that during the summer period it will move ahead a little slower but that by the fall we should be well on our way to achieving our common goal of putting together an agreement-in-principle as stated in the Implementation Agreement.

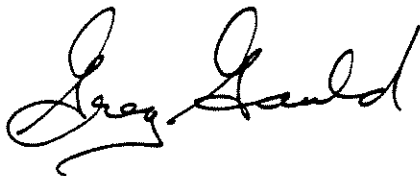
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Canada

With regards to the Housing in Nunavik file, we are attempting to gain a better understanding of the position being taken by Central Mortgage and Housing (CMHC). We still have to clarify certain elements with CMHC as it pertains to interpretation of certain documents and key policy areas. We hope to conclude our discussions very soon so that we might begin to engage in preliminary talks with you regarding this matter.

I will update you as work proceeds.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Greg Gault". The signature is fluid and cursive, with the first name "Greg" written in a larger, more prominent script than the last name "Gault".

for John Sinclair
Assistant Deputy Minister
Claims and Indian Government

Annex 11



The Honourable Ron Irwin
Minister of Indian Affairs and Northern Development
Les Terrasses de la Chaudière
10 Wellington Street
Suite 2100
Hull, Québec
K1A 0H4

Dear Mr. Minister:

As you are aware, our mutual representatives have been pre-occupied during the last seven months with the following issues: Marine Infrastructure, Nunavik Housing and Chisasibi Housing. Regarding this latter matter, we have reached an amicable agreement with representatives of your Department to settle and are presently in the process of finalizing a "settlement agreement" regarding it which should be ready for execution within the next few weeks. However, there remains the two major issues still to resolve.

1- Marine Infrastructure

Upon the advice and further to the involvement of representatives of your Department, the Working Group on Marine Infrastructure has identified a number of the elements that are to be included in an agreement-in-principle, as stipulated in subsection 4.3 of Annex E of the JBNQA Implementation Agreement signed in 1990.

On October 9, 1996, a technical presentation was made to a number of senior DIAND officials outlining the studies carried out and the results thus far arrived at. It is important to note that these results represent a consensus between the representatives of the parties comprising the Working Group (Transport Canada, Fisheries and Oceans, Transport Québec, Kativik Regional Government, Makivik Corporation).

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In essence, the appropriate marine infrastructures required in each of the fourteen communities of Nunavik to meet the agreed to objectives of:

- increasing security aspects of marine travel (for people and equipment);
- facilitating access to water conditions;
- facilitating sealift operations;
- enhancing economic development potentials

have been clearly identified and budgeted for. The estimated cost of constructing these facilities over approximately a 10-year period would be \$80,000,000. In the event that financing would become available in the short term, the studies in three of the communities (Kangiqsualujuaq, Quaqtaq and Puvirnituq) are advanced enough that work on plans and specifications could commence immediately.

In order for the Working Group to conclude an agreement-in-principle by the December 1996 deadline, questions remain that only Canada can provide: the ultimate ownership of the infrastructures, the duration of the construction program, the type of construction project management envisaged and, finally, the financing aspects of the project. These points are inter-related and depend on the position that Canada, through its Departments, wishes to adopt. This is the reason why it becomes crucial that the federal internal "finance committee" headed by Indian Affairs, completes its work in the timeliest delay. The representatives of the various federal departments on the Working Group need clear authority to speak on behalf of Canada, and not simply their respective Department, in adopting a strategy to implement the marine infrastructure program. Only thus will the Working Group be able to complete its mandate in accordance with subsection 4.3 of Annex E of the JBNQA Implementation Agreement before the end of December of this year.

We therefore request your direct involvement in the above questions to assure that the Working Group can complete its work as foreseen.

2- Nunavik Housing

On February 22, 1996, we formally requested that Canada participate at a table with Makivik Corporation, the Kativik Regional Government and the Government of Québec (Société d'Habitation du Québec) to devise a new housing program applicable to the Inuit of Nunavik. We indicated that Canada's participation at such a table would be an explicit recognition of its obligations in this regard pursuant to section 29 of the JBNQA.

Notwithstanding the consultations that have taken place between our negotiator and yours, including the mutual preparation in March

1996 of a "historic" regarding social housing in Nunavik, the issue remains to date unresolved. We had been led to believe by representatives of your Department that the fault lay with the Canada Mortgage and Housing Corporation (CMHC) which refuses to acknowledge the federal obligation in this regard. It was even suggested at one point that we should deal directly with CMHC by writing to its President. Such an approach was not acceptable to us. It is the Department of Indian Affairs that represents Canada in matters related to the JBNQA and the Implementation Agreement and therefor your Department, on behalf of Canada, should be in a position to respond to our request reflecting an obligation of Canada.

At a meeting on October 22, 1996, between our negotiator and your ADM, John Sinclair, and others, Mr. Sinclair indicated that he would like more time to resolve this issue, because for the moment, he would be obliged to take a position opposed to ours.

SHQ has agreed to work with KRG and Makivik to devise a new housing program comprising several elements: public housing, private housing and senior residences. We have established a target date of April 30, 1997 to complete this work. It is obvious to all concerned that the scope of such a housing program will depend on the involvement of the federal government.

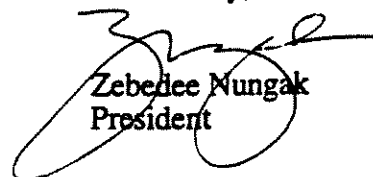
In order to avoid forcing us to resort to the Dispute Resolution Mechanism provided or in the Implementation Agreement we would request your undertaking to personally intervene to resolve this issue; namely: the acknowledgement by Canada that it has pursuant to the JBNQA, an obligation to provide social housing to the Inuit of Nunavik.

In this way, Canada, through its agent, the CMHC, or otherwise can become involved directly in finding a solution to Nunavik housing which, if not addressed, given the demographics of our population, will soon become a serious social problem.

We would request your affirmative response to this request no later than November 15, 1996.

Trusting that we will hear from you regarding the foregoing, I remain

Yours truly,



Zebedee Nungak
President

Annex 12



June 11, 1998

The Honourable Jane Stewart
Minister of Indian Affairs and Northern Development
Government of Canada
Les Terrasses de la Chaudière
Rm. 2100
10 Wellington Street
Hull, Quebec
K1A 0H4

Dear Minister Stewart:

Pursuant to section 3 (Consultations) of Annex 'H' of the Agreement respecting the Implementation of the James Bay and Northern Québec Agreement between Her Majesty the Queen in Right of Canada and Makivik Corporation (the "1990 Implementation Agreement") entered into on the 12th day of September, 1990, this is to formally request consultations with you regarding the following dispute: namely, that Canada has a legal obligation to provide social housing to Inuit of Nunavik.

In February 1996, Makivik formally requested through the Federal Implementation Forum established pursuant to the 1990 Implementation Agreement that either DIAND or CMHC participate in a working group composed of the Société d'Habitation du Québec (SHQ), the Kativik Regional Government (KRG) and Makivik Corporation, to develop a new social housing program for the north. SHQ had at the time already indicated its willingness to participate in such a group.

Our request to Canada was based not just on Canada's moral obligation to provide housing on a continuing basis but as well on our contention that under the James Bay and Northern Québec Agreement ("JBNOA"), specifically under sections 2.12 and 29.0.2, programs that were applicable to Indians were to be made applicable to Inuit. As Canada is providing social housing to Indians, Canada has a legal obligation to provide like housing to the Inuit of Nunavik. Sections 2.12 and 29.0.2 of the JBNOA read as follows:

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Section 2.12 of the JBNQA

"Federal and provincial programs and funding, and the obligations of the Federal and Provincial Governments, shall continue to apply to the James Bay Crees and the Inuit of Québec on the same basis as to the other Indians and Inuit of Canada in the case of federal programs, and of Québec in the case of provincial programs, subject to the criteria established from time to time for the application of such programs."

Section 29.0.2 of the JBNQA

"Programs, funding and technical assistance presently provided by Canada and Québec, and the obligations of the said governments with respect to such programs and funding shall continue to apply to the Inuit of Québec on the same basis as to other Indians and Inuit of Canada in the case of federal programs, and to other Indians in Québec in the case of provincial programs, subject to the criteria established from time to time for the application of such programs, and to general parliamentary approval of such programs and funding."

The response from you to date reflected in your letter dated January 5, 1998 and that of your predecessor, Ron Irwin dated December 16, 1996, is that Canada has no legal obligation. Your letter of January 5, 1998 sums this up as follows:

"Regarding housing in Nunavik, I would like to confirm the position of my predecessor, the Honourable Ronald A. Irwin, in his letter of December 16, 1996 to Makivik that Canada has no legal obligation to provide a program of social housing to the Inuit of Nunavik. Under paragraph 29.0.2 of the James Bay and Northern Quebec Agreement, Canada's obligation in this regard is made subject to the criteria established from time-to-time for the application of such programs, and to general parliamentary approval of such programs and funding. These conditions currently exclude the Inuit of Nunavik from access to Canada's social housing programs. There is no plan to establish a new social housing program for Nunavik residents. Rather, I would urge Makivik to discuss with the Canada Mortgage and Housing Corporation how existing housing programs may serve the needs of Nunavik Inuit."

The condition that you refer to is that the social housing program available to Indians only applies to Indians living on reserves. In consequence, this criteria eliminates the possibility of applying the program to Inuit. We cannot believe that Canada would use such a clearly erroneous argument to justify the non-application of a social housing program to Inuit. Inuit do not live on reserves. Inuit have never lived on reserves.

Yes, there may be criteria established for such programs: such as old age, income level, etc., in order to be eligible from among a group; but criteria should not be used in such a way as to exclude everyone in the group.

The intention of the wording in sections 2.12 and 29.0.2 of the JBNQA (similar wording is found in the 1974 Agreement-in-Principle which led to the JBNQA) is to ensure that the benefits being provided by the JBNQA were in addition to and not in replacement of existing programs, and that existing programs would continue to apply. One of these existing programs is social housing. Canada is presently providing social housing to Indians on reserves and is providing social housing to Inuit north of the 60th parallel through funding of the Territorial Government.

The position taken by Canada is a reflection we believe of the policy position enunciated by federal officials at a Conference of Federal, Provincial and Territorial Ministers on Aboriginal Affairs and Leaders of National Aboriginal Organizations on May 20, 1998, in Québec, whereat Canada indicates the following policy position in the press release from such Conference:

"For its part, but without prejudice to the position of any party who holds a contrary view, the Federal government restated its longstanding position that it has primary but not exclusive responsibility for First Nations on reserve and Aboriginal peoples north of 60°, and that provinces have primary, but not exclusive, responsibility for off-reserve Aboriginal peoples."

Not only does this policy violate Canada's constitutional obligations to aboriginal peoples under section 91(24), it is a clear violation of the letter and spirit of the JBNQA.

Moreover, it should be noted that sections 2.1 and 2.2 the 1990 Implementation Agreement provide as follows:

"2.1 It is the express intent of the Parties to this Agreement that nothing herein be considered an amendment to, modification of, or derogation from the JBNQA and, without limiting the generality of the foregoing, that nothing herein affects the application of paragraphs 2.11 and 2.12 of the JBNQA. The Parties to this Agreement expressly agree that nothing herein constitutes a supplementary amending agreement within the meaning of Section 4 of the James Bay Native Claims Settlement Act (S.C. 1976-1977, c.32) and of paragraph 2.15 of the JBNQA. The Parties hereto further agree that this Agreement constitutes a contract between the Parties for the implementation of certain provisions of the JBNQA.

2.2 The ancillary or related agreements contemplated by this Agreement shall not constitute an amendment to, modification of, or derogation from the JBNQA and, without limiting the generality of the foregoing, shall not affect the application of paragraphs 2.11 and 2.12 of the

JBNQA. The related or ancillary agreements contemplated hereby shall not take the form of a supplementary amending agreement within the meaning of Section 4 of the James Bay Native Claims Settlement Act and paragraph 2.15 of the JBNQA."

The Inuit of Nunavik entered into JBNQA on the condition that the Agreement was to be in addition to and not in replacement of ongoing obligations of the federal Crown towards us. This condition is contained in sections 2.12 and 29.0.2. Canada now appears to be trying to renege on this undertaking.

Concurrent with this letter, it is our intention to invite the Government of Québec to participate in the resolution of this dispute and, pursuant to section 3.3 of Annex 'H' of the 1990 Implementation Agreement, we hereby indicate our agreement to such intervention in the event that the Government of Québec so decides to participate.

As the timeframe foreseen in the 1990 Implementation Agreement for resolving a dispute through resolution is sixty (60) days, we trust that we will be able to meet with you at your earliest convenience regarding this issue. Our team will be comprised of Larry Watt (Co-Department Head, Department of the President), Bernard Pennee (Inuit Negotiator, the 1990 Implementation Agreement), and myself.

We are at your disposal and I remain,

Sincerely,

A handwritten signature in dark ink, appearing to read 'Z. Nungak', with a stylized, flowing script.

Zebedee Nungak
President

Annex 13

JUL 22 1998

Mr. Zebedee Nungak
President
Makivik Corporation
650 32nd Avenue
LACHINE QC H8T 3K5

Dear Mr. Nungak:

Thank you for your letter of June 11, 1998 formally requesting consultations with the Department of Indian Affairs and Northern Development concerning the provision of social housing to the Inuit of Nunavik.

As per the Agreement respecting the Implementation of the James Bay and Northern Québec Agreement between Canada and Makivik Corporation, section 3.6 of Annex H states the following:

The Parties to the consultation shall make every attempt to arrive at a mutually satisfactory resolution of any matter referred to in paragraph 3.1 above.

Should the Parties to the consultations fail to resolve any such matter within 60 days of the request referred to in paragraph 3.2 above, or such other period of time as determined by the Parties to the consultation, any such Party may refer the dispute to mediation by single mediator and/or Panel of Experts, as the case by be, in accordance with the provisions of paragraphs 4.1 to 4.10 below, and thereby makes the other Party or Parties to the consultations "Parties to the mediation", or, if the Parties to the consultations agree, to arbitration in accordance with the provisions of paragraphs 5.1 to 5.6 below.

...J2

Several weeks have passed since you wrote your letter regarding this issue and, unfortunately, our officials have not yet had the opportunity to initiate the consultation process as foreseen in the 1990 Implementation Agreement. With this in mind, as well as the fact that we are in the midst of the summer season, it may be beneficial to both parties to extend the 60-day period (as foreseen in section 3.6) well into the fall, perhaps October. Our respective officials can determine a mutually acceptable date if you agree with my assessment.

Further correspondence will be forthcoming which shall identify the "federal team" involved in the Dispute Resolution Mechanism.

I look forward to participating in this process.

Yours sincerely,

ORIGINAL SIGNÉ PAR
ORIGINAL SIGNED BY
JANE STEWART

Jane Stewart, P.C., M.P.

c.c.: The Honourable Alphonso Gagliano, P.C., M.P.

Annex 14



LPAB d'Aluk
Makivik Corporation Société
Makivik

VIA TELEFAX

[Original to follow by Priority Post]

August 19, 1998

The Honourable Jane Stewart
Minister of Indian Affairs and Northern Development
Government of Canada
Les Terrasses de la Chaudière
Rm. 2100
10 Wellington Street
Hull, Quebec
K1A 0H4

Re: Dispute Resolution Mechanism regarding social housing in
Nunavik

Dear Minister Stewart:

Further to your letter of July 22, 1998 in response to mine of June 11, 1998, this is to confirm our willingness to extend the 60-day period (foreseen in section 3.6 of Annex 'H' of the *Agreement Respecting the Implementation of the James Bay and Northern Québec Agreement between Her Majesty the Queen in Right of Canada and Makivik Corporation*) relative to consultation in the above referred to matter until October 15, 1998.

Trusting that this meets with your approval, I remain,

Yours truly,


Zebedee Nungak
President

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Annex 15

09 1998

Mr. Zebedee Nungak
President
Makivik Corporation
650 32nd Avenue
LACHINE QC H8T 3K5

Dear Mr. Nungak:

Thank you for your letter of August 19, 1998 in response to mine of July 22, 1998 concerning the Dispute Resolution Mechanism (DRM) as described in Annex "H" of the *Agreement respecting the Implementation of the James Bay and Northern Québec Agreement between her Majesty the Queen in Right of Canada and Makivik Corporation* (the 1990 Implementation Agreement).

Before participating in the consultation process as foreseen in the 1990 Implementation Agreement, our officials need to conduct further consultations internally, as well as with other federal agencies. This will result in a more productive exchange regarding this matter. Therefore, I do not believe that October 15, 1998 is a realistic date to aim for in terms of concluding the consultation session. With the above in mind, I suggest that your officials contact Mr. Jeff Moore, Director of the James Bay Implementation Office, in order to discuss the consultation process further, which would include determining the period of time required for the consultation phase of the DRM.

Yours sincerely,

Original signed by
JANE STEWART
a signé l'original

Jane Stewart, P.C., M.P.

c.c.: The Honourable Alfonso Gagliano, P.C., M.P.

Annex 16

ENTENTE-CADRE CONCERNANT LA RÉGION KATIVIK

LE MINISTRE DÉLÉGUÉ AUX AFFAIRES AUTOCHTONES,

Pour et au nom du gouvernement du Québec,

ci-après désigné le "Gouvernement"

ET

L'ADMINISTRATION RÉGIONALE KATIVIK, agissant aux présentes et représentée par monsieur Johnny N. Adams, Président du comité administratif,

ci-après désignée "l'ARK",

conviennent de l'opportunité de conclure une entente-cadre relative à la région Kativik comprenant les quatre volets suivants :

- Volet 1 Accession à la propriété privée et habitation sociale;
- Volet 2 Infrastructures municipales;
- Volet 3 Enveloppe de financement pour le développement des communautés inuites;
- Volet 4 «Block Funding» de l'ARK;

Volet 1 Accession à la propriété privée et habitation sociale

Les parties conviennent :

- d'élaborer une nouvelle approche à la gestion du logement sur le territoire de la région Kativik ayant pour principe de favoriser l'accèsion à la propriété privée et d'améliorer la gestion du logement social;
- que cette nouvelle approche soit mise en œuvre par la conclusion d'ententes particulières au plus tard le 31 décembre 1998;

Les engagements susmentionnés sont fondés sur les prémisses suivantes :

Le Gouvernement s'engage à ce que les modalités entourant la réalisation des objectifs d'accèsion à la propriété privée et d'amélioration du logement social soient consacrées dans des ententes distinctes, une portant sur l'accèsion à la propriété privée, une autre sur l'acquisition d'unités de logement social et une dernière sur la gestion du logement social;

En ce qui a trait à un programme d'accèsion à la propriété privée, le Gouvernement s'engage à :

- Mettre en œuvre les termes du projet d'entente élaboré par l'ARK, expédié à la Société d'habitation du Québec le 8 octobre dernier et accepté en principe à cette date;
- Rendre applicables les normes et règles du programme d'accèsion à la propriété privée aux propriétaires qui le souhaitent et qui ont construit leur résidence sous le régime des expériences pilotes de 1995 et 1997;
- Accepter que les clients du programme qui ont débuté des travaux de rénovation de leur résidence depuis le début de l'année 1998 puissent bénéficier rétroactivement des avantages du programme d'accèsion à la propriété;

En ce qui a trait à l'acquisition d'unités de logement social, le Gouvernement se montre favorable au principe et s'engage à ce que l'achat d'unités de logement se fasse à de très faibles coûts pour les éventuels acquéreurs. De plus, le Gouvernement manifeste sa volonté et celle de la Société d'habitation du Québec d'entreprendre, le plus rapidement possible, des négociations avec le gouvernement du Canada et la Société canadienne d'hypothèque et de logements relativement à la vente d'unités de logement social;

En ce qui a trait à la gestion du logement social, le Gouvernement s'engage à :

- Reconnaître et encourager la mise sur pied d'une structure de gestion du logement social propre à la réalité de la région et qui soit orientée vers l'efficacité et l'amélioration effective des conditions du logement social;
- Faire en sorte que cette nouvelle structure puisse aisément être regroupée au sein d'un organisme de la région;
- Réinvestir entièrement dans le développement du logement social les sommes obtenues de la collecte des arrérages de loyers;
- Réinvestir dans le développement du logement social les sommes obtenues de la vente d'unités de logement social;
- Ajouter, aux sommes provenant de la collecte des arrérages de loyers, des sommes équivalentes dans le développement du logement social;

L'ARK accepte de gérer les programmes découlant d'une nouvelle approche concernant l'habitation sur le territoire de la région Kativik sur une base intérimaire jusqu'à ce qu'une entente définitive soit conclue. L'ARK vise uniquement par ces actions à aider à résoudre la crise du logement et à améliorer les conditions de vie des habitants de la région Kativik;

Les parties reconnaissent que ces actions concertées en matière de logement ne s'inscrivent nullement dans l'esprit du système unifié d'habitation que l'on retrouve à l'alinéa 29.0.40 de la Convention de la Baie-James et du Nord québécois et qu'elles ne peuvent aucunement restreindre les droits des Inuits garantis par cette Convention;

Les parties s'engagent enfin à mettre sur pied dans les meilleurs délais un comité qui s'assurera de la mise en œuvre du programme d'accession à la propriété privée et de l'élaboration d'un projet d'entente particulière sur l'acquisition d'unités de logement social et d'un projet d'entente particulière sur la mise en place d'une structure chargée d'améliorer la gestion du logement social. Ce comité aura également pour mandat de déterminer, sur la base de la présente entente, toutes les modalités de transfert des responsabilités d'administration et de gestion des programmes, qui assureront une transition harmonieuse et une correspondance plus grande à la réalité nordique.

Volet 2 Infrastructures municipales

Les parties conviennent de l'opportunité d'élaborer un programme d'aide financière destiné à la construction et l'amélioration d'infrastructures municipales situées en milieu nordique, de le mettre en vigueur d'ici le 1^{er} avril 1999 et d'en confier l'entière gestion à l'ARK;

L'engagement susmentionné est fondé sur les prémisses suivantes :

Le Gouvernement élabore, en concertation avec des représentants de l'ARK, un programme d'aide financière destiné à la construction et l'amélioration d'infrastructures et d'équipements municipaux situés en milieu nordique. Les coûts reliés prioritairement aux éléments suivants seront admissibles à une aide financière en vertu de ce programme :

- Approvisionnement en eau potable;
- Traitement des eaux usées;
- Disposition des déchets solides;
- Remplacement et acquisition de machinerie et véhicules affectés aux divers travaux de voirie, à la collecte des déchets et des eaux usées de même qu'à la livraison d'eau potable;
- Amélioration des réseaux routiers;

L'ARK accepte de gérer ce programme d'aide financière et de faire annuellement rapport au ministre des Affaires municipales de sa gestion. Pour ce faire, le conseil de l'ARK disposera de toute la latitude nécessaire à l'affectation des fonds aux divers projets soumis par les villages nordiques;

Le Gouvernement s'engage, sujet à l'approbation de la programmation budgétaire pour l'exercice 1999-2000, à ce que le programme dispose d'une enveloppe de 45M\$ sur 5 ans à laquelle seront ajoutés les surplus du «Programme d'amélioration des infrastructures municipales en milieu nordique» (à partir du décret 448-85 adopté le 13 mars 1985);

Le Gouvernement s'engage à verser à l'ARK, à titre de frais de gestion du programme, un montant représentant un maximum de 8% de l'enveloppe totale du programme, montant pris à même cette enveloppe;

Les parties s'engagent enfin à mettre sur pied dans les meilleurs délais un comité de mise en œuvre chargé, d'une part, de déterminer, sur la base de la présente entente, toutes les modalités de transfert des responsabilités de gestion du programme, qui assureront une transition harmonieuse et une correspondance plus grande à la réalité nordique, ainsi que les priorités d'intervention, et, d'autre part, d'élaborer un projet d'entente particulière.

Volet 3 Enveloppe de financement pour le développement des communautés Inuites

Le Gouvernement convient de rendre disponible une enveloppe de financement pour les Inuits ayant pour objectif de stimuler le développement économique de la région Kativik, de créer des emplois pour les Inuits et de soutenir l'amélioration de même que la construction d'infrastructures communautaires autres que celles prévues au Volet 2;

Les parties conviennent également qu'une entente de mise en œuvre de cette enveloppe de financement devra être conclue au plus tard le 31 décembre 1998;

Les engagements susmentionnés sont fondés sur les prémisses suivantes :

Les orientations gouvernementales en matière de politique autochtone, contenues au document présenté par le Gouvernement et intitulé : «Partenariat, Développement, Actions», confirment la volonté du gouvernement du Québec de travailler avec les autochtones et d'autres partenaires dans le but d'accroître leurs possibilités de développement économique en favorisant la création d'emplois et en réduisant les obstacles à une plus grande autosuffisance économique des autochtones;

Ces orientations gouvernementales prévoient la création d'une forme d'aide financière à être versée aux communautés autochtones, notamment à la communauté inuite;

Le Gouvernement confirme une enveloppe de l'ordre de 25M\$ disponible sur 5 ans et devant servir au développement économique et au financement de projets d'immobilisations proposés par les intervenants de la région Kativik et agréés par le Gouvernement;

Les crédits ainsi alloués ne doivent pas avoir pour effet de diminuer l'aide financière du gouvernement du Canada découlant notamment de son obligation de fiduciaire à l'égard des Inuits;

Cette enveloppe de l'ordre de 25M\$ ne doit pas avoir pour effet de permettre à un ministère ou à un organisme gouvernemental de retirer un projet de sa programmation régulière. Il est entendu toutefois que cette enveloppe peut venir en complément à d'autres programmes de d'autres ministères ou d'organismes gouvernementaux. Un projet sectoriel impliquant un

ministère ou un organisme gouvernemental ne peut être financé à même cette enveloppe sans l'accord de l'ARK;

Par ailleurs, le Gouvernement accepte que le projet de centre récréatif réalisé sur le territoire du village nordique d'Inukjuak puisse être reconnu admissible à une aide financière à la faveur de l'enveloppe de financement mise en place, sous réserve toutefois d'un accord des parties et d'une recommandation favorable du conseil municipal du village nordique;

L'ARK accepte de promouvoir cette nouvelle source d'aide financière auprès des villages nordiques et convient de gérer l'enveloppe de financement selon des modalités qui seront convenues à l'entente particulière;

Les parties s'engagent enfin à mettre sur pied dans les meilleurs délais un comité de mise en œuvre chargé d'élaborer un projet d'entente particulière portant sur les modalités de programmation, de gestion et de concertation ainsi que sur les engagements généraux des parties.

Volet 4 «Block Funding» de l'ARK

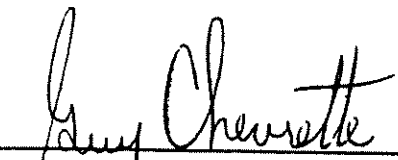
L'ARK a notamment pour activités d'administrer des programmes destinés aux résidents de la région Kativik et elle reçoit, pour rencontrer ses obligations, du financement provenant d'une vingtaine d'ententes signées avec plusieurs ministères et organismes du gouvernement du Québec.

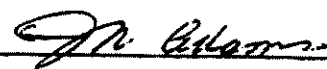
Le Gouvernement reconnaît qu'il y a lieu de simplifier et de rendre plus efficace la gestion des fonds publics versés à l'ARK et ainsi de revoir son mode de financement. Les parties conviennent donc de viser la consolidation, en une seule enveloppe globale de transferts (*block funding*), des montants versés par les différents ministères et organismes gouvernementaux à travers leurs différents programmes.

En conséquence, les parties conviennent de mettre sur pied un comité de travail chargé d'élaborer, d'ici le 1^{er} avril 1999, un projet pour la mise en place d'un guichet unique gouvernemental pour l'octroi des aides financières à l'ARK. Tout en réunissant les budgets de transferts gouvernementaux, cette entente devra établir les objectifs des ministères sectoriels concernés, les obligations des parties et les modalités de mise en œuvre de ce nouveau cadre administratif.

Signée à Puissie, le 21 octobre 1998

Signée en double exemplaire en langue française, ce texte faisant foi. Les parties ont également signé des exemplaires en langue anglaise.


MINISTRE DÉLÉGUÉ AUX AFFAIRES
AUTOCHTONES


PRÉSIDENT DU COMITÉ
ADMINISTRATIF DE
L'ADMINISTRATION RÉGIONALE
KATIVIK

THE MINISTER RESPONSIBLE FOR NATIVE AFFAIRS,

For and on behalf of the Gouvernement du Québec,

hereinafter the "Government",

AND

THE KATIVIK REGIONAL GOVERNMENT, acting through and represented by Johnny N. Adams, Chairman of the Executive Committee,

hereinafter the "KRG",

acknowledge that it is desirable to conclude a framework agreement concerning the Kativik region which comprises the following four sections:

Section 1 Home ownership and social housing;

Section 2 Municipal infrastructures;

Section 3 Resource envelope for the development of Inuit communities;

Section 4 KRG block funding.

Section 1 Home ownership and social housing

The parties undertake to:

- develop a new housing framework for the territory of the Kativik region which will promote home ownership and improve the management of social housing;
- implement this new framework through specific agreements to be reached no later than December 31, 1998.

These commitments are based on the following premises:

The Government agrees that the terms and conditions of the home ownership and social housing improvement objectives be set down in three separate agreements: one concerning home ownership, one concerning the sale of social housing units, and one concerning the management of social housing.

With respect to a home ownership program, the Government undertakes to:

- apply the terms and conditions of the draft agreement prepared by the KRG and forwarded to the Société d'habitation du Québec on October 8, and approved in principle on the same date;
- allow individuals who built homes under the 1995 and 1997 pilot projects to elect to be governed by the standards and rules of the home ownership program;
- allow program clients who have begun home renovations in 1998 to be qualify retroactively for the home ownership program.

With respect to the sale of social housing units, the Government approves the principle and agrees that housing units should be sold to potential purchasers at very low prices. Furthermore, the Government affirms that, with the Société d'habitation du Québec, it is willing to begin negotiation as soon as possible with the Government of Canada and the Canadian Mortgage and Housing Corporation concerning the sale of social housing units.

With respect to the management of social housing, the Government undertakes to:

- recognize and encourage the creation of a social housing management structure which reflects the context of the region and which targets efficiency and improvement of social housing conditions;
- take steps to ensure that the new management structure may be easily attached to a regional organization;
- reinvest in social housing development all funds collected through the payment of rent arrears;
- reinvest in social housing development the funds obtained through the sale of social housing units;
- invest in social housing development funds equal to those collected through the payment of rent arrears.

For its part, the KRG agrees to temporarily manage programs which evolve out of the new housing framework for the territory of the Kativik region until a final agreement is reached. The aim in doing so is to help resolve the current housing crisis and to improve the living conditions of residents in the Kativik region.

The parties acknowledge that these joint actions in the area of housing are in no way connected with the spirit of the unified housing system described in paragraph 29.0.40 of the *James Bay and Northern Québec Agreement* and that they shall in no way limit the rights of the Inuit guaranteed under the Agreement.

The parties undertake to set up, as soon as possible, a committee responsible for implementing the home ownership program and for preparing a draft special agreement concerning the sale of social housing units as well as a draft special agreement concerning the creation of an improved social housing management structure. The committee will also be asked to determine, based on this framework agreement, the terms and conditions for transferring program administration and management responsibilities in order to ensure a smooth transition and greater respect for the regional context.

Section 2 Municipal infrastructures

The parties undertake to develop a financial assistance program for the construction and improvement of municipal infrastructures in the North, which shall come into force no later than April 1, 1999, and to entrust the KRG with full responsibility for its management.

This commitment is based on the following premises:

The Government shall develop, jointly with KRG representatives, a financial assistance program for the construction and improvement of municipal infrastructures and equipment in the North. Costs related primarily to the following elements will be eligible for financial assistance under the program:

- drinking water supply systems;
- wastewater treatment systems;
- solid waste disposal;
- replacement and purchase of equipment and vehicles used for road work, solid waste and wastewater collection, as well as drinking water distribution;
- road improvements.

The KRG agrees to manage the financial assistance program and to provide the Government with an annual report of its management. For these purposes, the KRG Council will be free to allocate the funds to the various projects submitted by the Northern villages.

The Government undertakes, subject to approval of budget planning for the 1999-2000 fiscal year, to provide a \$45 million resource envelope over five years for the program. To this will be added any surplus from the Northern Municipal Infrastructure Improvement Program (from order-in-council 448-85 adopted on March 13, 1985).

The Government undertakes to pay a sum the KRG, from the program's resource envelope, for administrative expenses. The sum in question shall represent no more than 8% of the total resource envelope.

The parties undertake to set up, as soon as possible, an implementation committee to be responsible, first, for determining all the terms and conditions for transferring management responsibilities for the program, based on this framework agreement, in order to ensure a smooth transition as well as greater respect for the regional context and project priorities, and second, for drawing up a draft special agreement.

Section 3 Resource envelope for the development of Inuit communities

The Government undertakes to provide a resource envelope for the Inuit, for the purposes of stimulating economic development in the Kativik region, creating jobs for the Inuit and supporting the improvement and construction of community infrastructures other than those described in Section 2.

The parties undertake to sign an implementation agreement concerning this resource envelope no later than December 31, 1998.

These commitments are based on the following premises:

The Government's Aboriginal policy guidelines, which are set out in the document *Partnership, Development, Achievement*, affirm the Government's willingness to work with Aboriginal people and other partners in order to increase economic development opportunities by promoting job creation and reducing the obstacles that prevent Aboriginal peoples from achieving greater economic self-sufficiency.

The Government policy provides for the creation of a type of financial assistance to be paid to Aboriginal communities, in particular the Inuit.

The Government undertakes to provide a resource envelope of around \$25 million over five years, to be used for economic development and the financing of capital construction projects proposed by partners in the Kativik region and accepted by the Government.

Such funds shall not reduce the financial assistance paid by the Government of Canada, in particular, to fulfil its fiduciary duty with respect to the Inuit.

The resource envelope of around \$25 million shall not have the effect of allowing Government departments or agencies to withdraw a project from their regular planning. The resource envelope may, however, be used to complement the programs of Government departments and agencies. A sector-based project involving a Government department or agency may not be financed through the resource envelope without the KRG's approval.

Furthermore, the Government agrees that the recreation centre project carried out in the Northern Village of Inukjuak may be eligible for financial assistance under the resource envelope, subject to agreement by all parties and approval by the council of the Northern Village of Inukjuak.

The KRG agrees to promote this new source of financial assistance among the Northern villages and agrees to manage the resource envelope according to the terms and conditions to be determined in a special agreement.

Finally, the parties undertake to set up, as soon as possible, an implementation committee to be responsible for drawing up a draft special agreement setting out the terms and conditions of planning, management and joint actions as well as the general obligations of the parties.

Section 4 KRG block funding

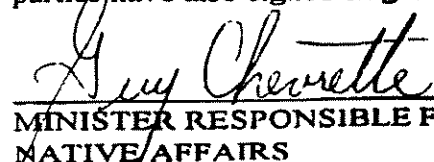
The KRG's primary activities include the management of programs for the residents of the Kativik region. In order to meet its obligations, the KRG receives funding through 20 or so agreements signed with several Québec Government departments and agencies.

The Government acknowledges that the management of public funds paid to the KRG could be simplified and made more efficient, and it agrees to review its funding method. The parties agree that funds paid by the various Government departments and agencies through their different programs should be consolidated into a single resource envelope, block funding.

Consequently, The parties agree to create a task force that will be responsible for preparing a project, before April 1, 1999, aimed at introducing a single government window for the provision of financial support to the KRG. As well as consolidating Government funding, the agreement shall establish the objectives of the sector-based departments concerned, the obligations of the parties and the terms and conditions for implementing this new administrative framework.

Signed at Québec, on October 21, 1998

The French version of this framework agreement, signed in duplicate, shall be authentic. The parties have also signed English copies of the agreement.


MINISTER RESPONSIBLE FOR
NATIVE AFFAIRS



CHAIRMAN, EXECUTIVE
COMMITTEE, KATIVIK REGIONAL
GOVERNMENT

Exhibit 1

AGREEMENT
RESPECTING THE IMPLEMENTATION OF THE
JAMES BAY AND NORTHERN QUEBEC AGREEMENT
BETWEEN HER MAJESTY THE QUEEN IN RIGHT OF CANADA
AND MAKIVIK CORPORATION

**AGREEMENT RESPECTING THE IMPLEMENTATION OF THE
JAMES BAY AND NORTHERN QUEBEC AGREEMENT**

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**AGREEMENT RESPECTING THE IMPLEMENTATION OF THE
JAMES BAY AND NORTHERN QUEBEC AGREEMENT**

AGREEMENT respecting the Implementation of the James Bay and Northern Quebec Agreement, dated the 12th day of ~~September~~ 1990.

BY AND BETWEEN: Her Majesty the Queen in Right of Canada, hereinacting through and represented by its undersigned authorized representative, the Minister of Indian Affairs and Northern Development (the "Minister")

PARTY OF THE FIRST PART

AND: Makivik Corporation, a corporation duly incorporated by statute of the Province of Quebec, hereinacting for and on behalf of the Inuit of Quebec and on its own behalf, and represented by its undersigned authorized representatives

PARTY OF THE SECOND PART

WITNESS:

- A. WHEREAS the Negotiator for the Inuit of Quebec and the Negotiator for the Government of Canada reached an agreement-in-principle on September 15, 1989 ("Agreement-in-Principle");
- B. WHEREAS on July 27, 1990 the Government of Canada by Order in Council approved the present Agreement Respecting the Implementation of the James Bay and Northern Quebec Agreement ("Agreement") and on May 4, 1990 Makivik Corporation approved this Agreement on behalf of the Inuit of Quebec; and
- C. WHEREAS this Agreement is the final agreement contemplated by paragraph G of the Preamble of the Agreement-in-Principle.

NOW, THEREFORE, IN CONSIDERATION OF THE MUTUAL COVENANTS, AGREEMENTS AND UNDERTAKINGS HEREINAFTER SET FORTH, IT IS HEREBY AGREED AS FOLLOWS:

1. Definitions

In this Agreement, unless the context requires otherwise, the following words and expressions shall have the following meanings:

- 1.1. "Canada": Her Majesty the Queen in Right of Canada or the Government of Canada;

- 1.2. "Inuit" or "Inuit of Quebec":
The Inuit beneficiaries as defined under Section 3 of the James Bay and Northern Quebec Agreement;
- 1.3. "Quebec": The Government of Quebec;
- 1.4. "JBNQA": The James Bay and Northern Quebec Agreement entered into on November 11, 1975, as amended from time to time in accordance with paragraph 2.15 thereof;
- 1.5. "JBIO": The JBNQA Implementation Negotiations Office established pursuant to Cabinet decisions, dated June 26, 1986 and March 24, 1988, for purposes of the JBNQA Implementation Negotiations, until the Office contemplated by paragraph 4.2 below becomes operational and, thereafter, the said Office;
- 1.6. "Federal Negotiator":
The person appointed by the Government of Canada on October 1, 1986 to represent Canada for purposes of the JBNQA Implementation Negotiations;
- 1.7. "Makivik":
Makivik Corporation, the corporation established by the Act to establish the Makivik Corporation (R.S.Q., ch. S-18.1), and constituted as the Inuit Native Party for purposes of the JBNQA pursuant to paragraph 1.11 thereof;
- 1.8. "Inuit Negotiator":
The person appointed by Makivik on March 8, 1988 to represent the Inuit of Quebec for purposes of the JBNQA Implementation Negotiations, or his successor;
- 1.9. "ISTC": Department of Industry, Science and Technology;
- 1.10. "DIAND": Department of Indian Affairs and Northern Development;
- 1.11. "KIF": Kativik Investment Fund Inc., a corporation duly incorporated pursuant to the laws of Canada;
- 1.12. "KRDC": Kativik Regional Development Council, established pursuant to subsection 23.6 of the JBNQA;
- 1.13. "KRG": Kativik Regional Government, established pursuant to Section 13 of the JBNQA;
- 1.14. "CPI": The Consumer Price Index for all of Canada as published by Statistics Canada in the Consumer Price Index catalogue, No. 62-001.

2. JBNQA and Legal Status of Agreements

- 2.1. It is the express intent of the Parties to this Agreement that nothing herein be considered an amendment to, modification of, or derogation from the JBNQA and, without limiting the generality of the foregoing, that nothing herein affects the application of paragraphs 2.11 and 2.12 of the JBNQA. The Parties to this Agreement expressly agree that nothing herein constitutes a supplementary amending agreement within the meaning of Section 4 of the James Bay Native Claims Settlement Act (S.C. 1976-1977, c.32) and of paragraph 2.15 of the JBNQA. The Parties hereto further agree that this Agreement constitutes a contract between the Parties for the implementation of certain provisions of the JBNQA.
- 2.2. The ancillary or related agreements contemplated by this Agreement shall not constitute an amendment to, modification of, or derogation from the JBNQA and, without limiting the generality of the foregoing, shall not affect the application of paragraphs 2.11 and 2.12 of the JBNQA. The related or ancillary agreements contemplated hereby shall not take the form of a supplementary amending agreement within the meaning of Section 4 of the James Bay Native Claims Settlement Act and paragraph 2.15 of the JBNQA.
- 2.3. Notwithstanding paragraph 2.1 above, the Dispute Resolution Mechanism established by paragraph 6.1 and Annex H hereof shall also take the form of a supplementary amending agreement to the JBNQA, subject to the Parties hereto obtaining such other consents as may be required from other parties to the JBNQA.

3. Coming Into Force

This Agreement is executed and in full force and effect as of the date first above written and the ancillary or related agreements contemplated hereby shall come into full force and effect immediately upon their execution.

4. Ongoing Federal Organization and Structure

- 4.1. Canada hereby establishes an organization and structure that, inter alia, shall:
- a) facilitate communications and act as a channel of communication between the Inuit of Quebec and Federal

departments, agencies and Crown corporations involved in the implementation of the JBNQA;

- b) consult with and advise the appropriate Federal departments and agencies with respect to federal responsibilities under the JBNQA in order to facilitate timely and effective implementation of the JBNQA;
- c) monitor the ongoing implementation of Canada's obligations under the JBNQA, but will have no direct responsibility for the funding or budgets of the Federal departments and agencies delivering programs and services to the Inuit of Quebec;
- d) facilitate the implementation of the JBNQA Implementation Forum contemplated in Section 5 below; and
- e) become operational not later than 120 days after the Order in Council approving this Agreement.

4.2. The organization and structure referred to in paragraph 4.1 above shall be the responsibility of the Minister responsible for the JBNQA and shall be comprised of:

- a) An interdepartmental Assistant Deputy Minister level committee comprised of representatives of all the departments involved from time to time in the implementation of the JBNQA, the chairperson of which shall be an Assistant Deputy Minister from the department of the Minister responsible for the JBNQA; and
- b) An Office headed by a full time senior manager reporting to the chairperson of the interdepartmental committee.

4.3. The Assistant Deputy Minister and the Office shall have sufficient resources to ensure that the functions listed in paragraph 4.1 and any others related thereto that may be assigned from time to time are carried out.

4.4. No earlier than 36 months and no later than 48 months following the execution of this Agreement and thereafter, at such intervals as may be mutually agreed, the Minister responsible for the JBNQA and Makivik shall review the operation and effectiveness of the ongoing federal organization and structure set out herein with a view to making such amendments or modifications thereto, in accordance with Section 16 hereof, as may be appropriate in the circumstances.

5. JBNQA Implementation Forum

- 5.1. Canada and the Inuit of Quebec hereby establish a JBNQA Implementation Forum which shall also foresee the participation of Quebec. The Forum shall consist of appropriate senior representatives of Canada, the Inuit of Quebec appointed by Makivik and, if it agrees to participate, Quebec. Canada's representative(s) shall include, ex officio, the chairperson of the interdepartmental committee referred to in paragraph 4.2.
- 5.2. The Forum shall hold regular, quarterly meetings unless otherwise agreed by the representatives of the parties to the Forum, to review progress and to discuss and coordinate action on any issue related to ongoing implementation of the JBNQA. The representatives of a party to the Forum may convoke special meetings of the Forum to deal with urgent matters.
- 5.3. The Forum shall become operational not later than 120 days after the Order in Council approving this Agreement and the representatives of the parties to the Forum shall establish from time to time such other procedures as may be additionally required.

6. Dispute Resolution Mechanism

- 6.1. The Dispute Resolution Mechanism set out in Annex H (Dispute Resolution Mechanism) hereto is hereby established.
- 6.2. The Dispute Resolution Mechanism shall come into force and govern the Parties hereto in accordance with its terms as of the date of the execution of this Agreement whether or not the supplementary amending agreement contemplated by paragraph 2.3 above has been executed and has come into force. The Dispute Resolution Mechanism shall not apply to Quebec unless and until the date Quebec agrees to be bound by same.

7. Working Groups

- 7.1. The Working Groups referred to in Annexes B (Inuit Eligibility for and Access to Federal Programs and Funding), C (Justice/Solicitor General) and E (Marine Transportation) are hereby continued and shall make the recommendations and reports and draft the agreements, memoranda of understanding or policies, as the case may be, as provided for therein to implement the provisions of the specific "agreements-in-principle" set out in Section 2 of each of said Annexes.

- 7.2. The Working Groups shall be composed of appropriate representatives of the Inuit organizations, federal departments and agencies and, where applicable, provincial ministries and agencies, specified in the Annexes hereto. The said representatives shall be duly authorized to represent the parties to the Working Groups and instructed to carry out the mandate of their respective Working Group for the implementation of the specific "agreements-in-principle" set out in Section 2 of each of said Annexes.
- 7.3. The Working Groups shall carry out their respective mandates and submit their respective recommendations and reports and draft agreements, memoranda of understanding or policies, as the case may be, to the JBIO and the Inuit Negotiator for their respective approval, the whole in accordance with the provisions of the respective Annexes.
- The Justice/Solicitor General Working Group(s) shall also submit its (their) recommendations to the federal department(s) concerned.
- 7.4. If the parties to the Working Groups cannot reach unanimous agreement on the recommendations, reports, draft agreements, memoranda of understanding or draft policies, they shall report this dispute to the JBIO and the Inuit Negotiator, together with their respective positions. The JBIO and the Inuit Negotiator shall attempt to resolve such disputes.
- 7.5. Any such disputes unresolved between the JBIO and the Inuit Negotiator shall be submitted to the Dispute Resolution Mechanism process as provided for under Annex H.

8. Payment

- 8.1. Canada hereby agrees to make a one-time payment equal to the amount obtained by multiplying Twenty-Two Million Thirty Thousand Two Hundred and Eighty Dollars (\$22,030,280), by the quotient obtained by dividing the most recently published CPI (June 1990) available on the date of the Order in Council approving this Agreement, which is 157.8, by the CPI as determined for September 1989, which is 152.6, to Makivik for the benefit of the Inuit of Quebec as soon as possible after the execution of this Agreement and, in any event, within ninety (90) days after the date of the Order in Council approving this Agreement.
- 8.2. In the event the amount payable pursuant to paragraph 8.1 is not paid in accordance with paragraph 8.1, interest shall be paid on the unpaid portion of the amount at a rate per annum calculated at one and one-half percent (1 1/2%) plus the average accepted tender rate of Government of Canada three (3) month Treasury bills, as

announced each week by the Bank of Canada on behalf of the Minister of Finance, which rate shall be that which is announced immediately preceding the date on which payment is made. Such interest shall be calculated monthly, not in advance, with interest on overdue interest occurring daily at the same rate until fully paid.

- 8.3. Payment hereunder shall be made by cheque made payable to "Makivik Corporation for the benefit of the Inuit of Quebec" and made available on the date of issuance thereof in the offices of DIAND during working hours to the duly authorized representative of Makivik in Ottawa, designated by Makivik for such purposes, written notice of which designation shall be given to Canada at least fifteen (15) days in advance of any such payment.

9. Acknowledgements

- 9.1. The Inuit of Quebec acknowledge that payment to them by Canada of the sum referred to in paragraph 8.1 above completely fulfills whatever financial responsibility, if any, Canada may have to the Inuit of Quebec under the JBNQA for the following:
- a) Inuit costs related to the implementation negotiations giving rise to this Agreement and to the Inuit participation in and representation on the Working Groups;
 - b) Other than any rights the Inuit may have under paragraphs 2.11 and 2.12 of the JBNQA for ongoing programs and funding, any rights the Inuit may have under the JBNQA for a financial contribution by Canada for funding the following:
 - 1) The operation and administrative costs of Inuit Landholding Corporations;
 - 2) Inuit Heritage, Culture and Language Preservation;
 - 3) Wildlife studies, research, and harvest monitoring by Makivik, the KRG, or a related Inuit organization; the foregoing shall not prevent such entities from carrying out such activities themselves or with the cooperation or under the control of Canada;
 - 4) Transportation, including the various items referred to in paragraph 29.0.36 of the JBNQA, provided that Canada executes an agreement establishing a Northern Quebec Marine Transportation Infrastructure Program in accordance with the provisions of Annex E (Marine Transportation) attached hereto;

- 5) Hiring and training of Inuit conservation officers (paragraph 24.10 of the JBNQA), without prejudice to any application of Section 29 of the JBNQA (employment priority);
- 6) Establishment of detention institutions referred to in paragraphs 20.0.25 and 20.0.26 of the JBNQA, without prejudice to the rights of all Inuit persons to be detained in accordance with the provisions of paragraph 20.0.26 of the JBNQA;
- 7) Any costs related to the Umiujaq relocation (paragraph 6.4 of the JBNQA);
- 8) Training centres and related facilities (paragraph 29.0.25 of the JBNQA).

Training centres and facilities are not in the current five year (89-94) education capital plan for the Kativik School Board as presented by Quebec and approved by Canada. Canada reserves the right to oppose the inclusion of such training centres and facilities in any education capital budgets for future years; but if they are included in a capital budget approved by Canada for the period after March 31, 1994, Canada would fund its capital portion in accordance with paragraph 17.0.85 of the JBNQA.

However, if such a facility is built before March 31, 1994, Canada will pay, in accordance with paragraph 17.0.85 of the JBNQA, 25% of the overhead costs unfunded by other programs; (but will not pay other operations and maintenance costs), up to a maximum of fifty thousand 1989 dollars (\$50,000; 1989 dollars) per year. If the facility is built after March 31, 1994, the same rule shall apply except for the \$50,000 (1989 dollars) maximum.

9.2. The Inuit of Quebec acknowledge that Canada, subject to the conditions set out hereinbelow, has fulfilled and/or is fulfilling, as the case may be, any obligations it may have under the provisions of Section 29 of the JBNQA referred to below with respect to the following:

- a) Employment and Contract Priority, provided that Canada performs its obligations under Annex A (Inuit Employment and Contract Priority) hereto, and for as long as the policies proposed therein are in effect (paragraphs 29.01, 29.03, and 29.0.28 to 29.0.32 of the JBNQA);
- b) Manpower and Training, provided that Canada performs its obligations under Annex D (Manpower and Training Programs)

hereto, and for as long as the agreements proposed therein are in effect (paragraphs 29.0.1, 29.0.3, 29.0.4 and 29.0.24 to 29.0.27 of the JBNQA);

- c) Economic and Social Development, provided that Canada performs its obligations under Annex F (Socio-Economic Development) hereto, and for as long as the agreements proposed therein between the KIF/KRDC and ISTC, and between the KIF/KRDC and DIAND are in effect, (paragraphs 29.0.1, 29.0.3, 29.0.4, 29.0.33 to 29.0.35 and 29.0.37 to 29.0.39 of the JBNQA);
- d) Paragraph 29.0.36 of the JBNQA, provided that Canada executes an agreement establishing a Northern Quebec Marine Transportation Infrastructure Program in accordance with Annex E (Marine Transportation) hereto.

- 9.3. The Inuit of Quebec acknowledge that Canada, provided it participates in the Justice/Solicitor General Working Group(s) as outlined in Annex C hereto, has fulfilled its obligations under paragraphs 20.0.20 and 20.0.21 of the JBNQA.
- 9.4. For each Annex A to G, once the various recommendations, reports, draft agreements, and memoranda of understanding or draft policies, as the case may be, have been agreed to and are in effect in accordance with the provisions of the Annex in question, Canada shall have no outstanding obligations arising under the said Annex.

10. Representation and Warranty; Indemnification

- 10.1. Makivik hereby represents and warrants to Canada that it is duly acting on behalf of the Inuit of Quebec.
- 10.2. Provided Canada shall have complied with all of its financial obligations hereunder and provided Canada is in compliance with the warranty hereby given that it is not aware of any claim (as hereafter defined), Makivik Corporation or its successors ("Makivik") agrees to indemnify and hold Canada harmless from and against all manner of financial obligation or responsibility, including damages and reasonable legal and other costs, resulting from any claim or action (collectively the "claim") by the Inuit of Quebec, collectively or individually, against Canada, after the execution of this Agreement and arising from or related to any financial obligation or responsibility that Canada may have towards the Inuit of Quebec, for which Canada has obtained from Makivik, on behalf of the Inuit of Quebec, express acknowledgements under Section 9 herein, provided such acknowledgements, wherever conditional, remain in effect and subject to the conditions and on the terms set out hereinafter:

- a) Canada shall advise Makivik, in writing, immediately upon learning of any such claim or any potential cause for such claim;
- b) Canada shall respond to, and where necessary contest, any claim diligently and in good faith, and shall not by its actions directly or indirectly exacerbate the potential liability of Makivik thereunder;
- c) Canada shall advise Makivik on a regular and timely basis of the progress and, where applicable, the results of any claim as well as any negotiations attendant thereto;
- d) Canada shall have no right against Makivik where Canada, without the prior written consent of Makivik, consents by private agreement to any payment or settlement with respect to any claim;
- e) Makivik shall incur no liability hereunder before a final settlement by private agreement in accordance with paragraph d) above or before a final and binding decision by a tribunal or authority having jurisdiction, provided that Canada shall, unless Makivik agrees otherwise, have exhausted all avenues of appeal in a reasonably timely fashion;
- f) Any amounts owing by Makivik to Canada hereunder shall be paid on the following terms:
 - 1) Canada shall give written notice (Notice of Payment) of the amount owing giving a complete and detailed account thereof;
 - 2) Makivik shall be entitled to contest the amount indicated in the Notice of Payment by giving written notice to Canada of its intention in this regard within sixty (60) days of the date the Notice of Payment is received. In the event that Makivik gives such notice, then the matter shall be dealt with in accordance with Annex H (Dispute Resolution Mechanism) hereof;
 - 3) amounts owing by Makivik to Canada hereunder shall be payable upon expiry of the sixty (60) day delay referred in subparagraph 2) above or thirty (30) days after binding arbitration (hereafter the "due date");
 - 4) Makivik, in its sole discretion, is entitled to pay amounts owing hereunder in one lump sum payment on the due date, or by equal instalments payable monthly, semi-annually or annually for a period not exceeding

five (5) years from the due date. Any balance outstanding after the due date will bear interest at a rate per annum calculated at one and one-half percent (1 1/2%) plus the average accepted tender rate of Government of Canada three (3) month Treasury bills, as announced each week by the Bank of Canada on behalf of the Minister of Finance, calculated semi-annually and not in advance and is payable with each instalment of the capital. If Makivik elects to pay by instalments it may execute its entire obligation hereunder at any time without penalty by paying the balance of the amount owing plus the interest accruing thereon as at the date of payment;

- g) Makivik's obligations hereunder shall be limited to the sum of \$2,000,000 with respect to each individual claim. Makivik's entire obligation hereunder with respect to the total of all claims shall be limited to the sum of \$10,000,000 in the aggregate;
- h) Makivik shall not have any obligations hereunder for any claims made after the fifth anniversary of the date of this Agreement coming into force;
- i) Makivik shall have the right to assume the defence of and, where necessary, contest any claim against Canada including appeal and settlement and Canada shall provide such reasonable cooperation or assistance as Makivik may require in this regard;
- j) Makivik shall have no responsibility hereunder for any vicarious, consequential, incidental or indirect damages of any kind or costs in relation thereto in connection with or arising from any claim.

11. Health and Social Programs

The Inuit of Quebec shall have access to applicable federal health and social programs where there are no equivalent programs offered by Quebec, without prejudice to any rights Canada may have to claim a contribution from Quebec for such federal programs.

12. Offshore Islands

This Agreement is without prejudice to any claims the Inuit of Quebec have or may have to the offshore area.

13. Delays

Any delays beyond the dates fixed in this Agreement for the carrying out of the provisions of this Agreement and the Annexes may be extended by mutual consent of the Parties hereto. Canada will not be in default of any delays so fixed unless Canada is solely responsible for said default.

14. Monitoring of Implementation

The JBIO shall monitor the implementation of this Agreement.

15. Supersession

The Parties hereto acknowledge that this Agreement shall supersede and cancel the Agreement-in-Principle and Annexes thereto entered into between the Inuit Negotiator and the Federal Negotiator and referred to in paragraph A of the Preamble hereto.

16. Amendments

No provision of this Agreement may be waived, modified or amended in any respect except in writing, signed by an authorized representative of each of the Parties. Waiver by either Party of any right under this Agreement in a given instance or failure to enforce any provision shall not operate thereafter as a waiver of that right or that provision or of any other right or provision of this Agreement.

17. Effect of Annexes

Annexes A to H hereof, attached hereto, form an integral part of this Agreement.

18. Governing Law


This Agreement and the related or ancillary agreements contemplated by the Annexes hereto shall be governed by and construed in accordance with the laws of the Province of Quebec.

IN WITNESS WHEREOF, this Agreement has been executed in quadruplicate by the duly authorized representatives of the Parties on the date first above-written.

EXECUTED at Hull, on this 12th day of Sept, 1990.

FOR AND ON BEHALF OF HER MAJESTY THE QUEEN IN RIGHT OF CANADA:

By:



The Minister of Indian Affairs and
Northern Development


Witness


EXECUTED at Montreal, on this 12th day of September, 1990.

FOR AND ON BEHALF OF MAKIVIK CORPORATION:

By:



Jackie Koneak
Second Vice-President


Willie Watt
Treasurer
Daniel Epoo
Secretary
Witness

INUIT EMPLOYMENT AND CONTRACT PRIORITY

PART I

POLICY ON

EMPLOYMENT OF ABORIGINAL PEOPLE RESIDING IN THE
JAMES BAY AND NORTHERN QUEBEC AGREEMENT TERRITORY
NORTH OF THE 55TH PARALLEL

1. Definitions:

- 1.1. "JBNQA": The James Bay and Northern Quebec Agreement entered into on November 11, 1975, as amended from time to time in accordance with paragraph 2.15 thereof;

2. Policy:

Canada agrees to assist aboriginal people, defined for the present purposes to be beneficiaries pursuant to the JBNQA, seeking employment in the federal Public Service within the JBNQA Territory. This will be done by developing and establishing Memoranda of Understanding between the Treasury Board as employer and federal government departments and agencies who have operations in the area mentioned above:

- 2.1. To include employment targets which reflect the work force availability of qualified aboriginal people in the area mentioned above.
- 2.2. To include measures to identify federal Public Service employment opportunities and to advertise vacancies to aboriginal communities in the area mentioned above. Wherever possible, this would include anticipated vacancies, to allow adequate time for the training and development of potential employees. This would be done through and in cooperation with the Kativik Regional Government.
- 2.3. To include measures that will promote an understanding of and access to the workplace by aboriginal people and support for job applicants, such as:

- a) selection boards will include whenever and wherever reasonably possible, aboriginal individuals for selection interviews for positions in the area mentioned above;
 - b) summer jobs for aboriginal students, to provide orientation to the workplace and to allow students an opportunity to view/sample various trade and technical careers which may stimulate an interest in studies leading to employment in one of the areas;
 - c) departmental participation in career awareness activities at local schools in cooperation with the Kativik Regional Government and the Kativik School Board; and,
 - d) departmental participation in school work-term orientation of short duration.
- 2.4. To provide for appropriate training, skill development and upgrading courses so as to provide aboriginal employees with opportunities for advancement and promotion within the federal Public Service.
- 2.5. To staff positions according to the minimum requirements as defined in the selection standards so that aboriginal people have a reasonable opportunity of being hired. Skills related to the language or culture of aboriginal people will be taken into due consideration in the evaluation of candidates, in relation to the job requirements.

3. Monitoring and Reporting:

- 3.1. The Treasury Board Secretariat will monitor targets set by departments and propose adjustments, if necessary, to ensure the representation reflects, at least, aboriginal workforce availability for the area.
- 3.2. The implementation of this Policy shall be carried out within six (6) months of the Order in Council approving this Agreement.

INUIT EMPLOYMENT AND CONTRACT PRIORITY

PART II

POLICY ON

JAMES BAY AND NORTHERN QUEBEC AGREEMENT PROCUREMENT

1. Objective:

- 1.1. The objective of this policy is the continued implementation of the contract priority provisions of the James Bay and Northern Quebec Agreement (JBNQA) in relation to all contracts created by projects initiated or conducted by Canada or its agents, delegates, contractors or sub-contractors.
- 1.2. In addition to fulfilling its obligations under the JBNQA, Canada recognizes that public sector policies and directives, which have the effect of determining the manner in which goods, services and supplies are purchased by Canada under contractual arrangements with firms and individuals in the private sector, constitute an important consideration in the development of strategies in support of the growth, diversification and stabilization of the economy of the Inuit communities of the Territory.

2. Policy:

- 2.1. To achieve the above mentioned objectives, Canada shall, in accordance with the Government Contracts Regulations and Government contracting policy, take all reasonable measures to encourage Inuit participation with respect to contracts awarded by Canada in the Territory.
- 2.2. Canada shall develop, implement and maintain this policy in consultation with Makivik Corporation, and shall implement the policy through the required measures.
- 2.3. The policy and implementing measures shall be carried out in a manner that recognizes the developing nature of the economy and labour force of the Territory.
- 2.4. The policies and implementing measures shall, to the greatest extent possible, be designed to achieve the following objectives:

- a) increased participation by Inuit firms in business opportunities in the economy of the Territory;
- b) enhancement of the ability of Inuit firms to compete for and obtain government contracts;
- c) the awarding of a fair share of government contracts in the Territory to qualified Inuit firms; and,
- d) employment of Inuit at a representative level in the workforce of the Territory.

3. Definitions:

- 3.1. "Bid Invitation": means to call publicly for bids;
- 3.2. "Bid Solicitation": means to request bids from a limited number of businesses based on some form of prequalification or selection criteria;
- 3.3. "Canada": means the Government of Canada, which shall be deemed to include all departments and departmental corporations listed in Schedules I and II, Part I of the Financial Administration Act, Chapter F-11;
- 3.4. "Government Contract": means any procurement contract between Canada and a party other than Canada, and includes:
 - a) contracts for the supply of goods;
 - b) construction contracts;
 - c) contracts for the supply of services; and,
 - d) leases taken by Canada.
- 3.5. "Inuit": means beneficiaries pursuant to paragraphs 3.2.4, 3.2.5 and 3.2.6 of the JBNQA;
- 3.6. "Inuit firm": means an entity which complies with the legal requirements to carry on business in Northern Quebec, and which:
 - a) is a limited company with, in the case of a share-capital company, at least 51% of the company's voting

shares beneficially owned by one or more Inuit, or with, in the case of a non-share capital company, at least 51% of the voting members being Inuit, or which is a subsidiary of such limited company with at least 51% of the subsidiary's voting shares owned by such company;

- b) is a cooperative controlled by Inuit; or
- c) is a sole proprietorship owned by Inuit; or a partnership, joint venture or consortium, at least 50% of which is owned by Inuit.

3.7. "JBNQA":

The James Bay and Northern Quebec Agreement entered into on November 11, 1975, as amended from time to time in accordance with paragraph 2.15 thereof;

3.8. "JBIO":

The JBNQA Implementation Negotiations Office established pursuant to Cabinet decisions, dated June 26, 1986 and March 24, 1988, for purposes of the JBNQA Implementation Negotiations, until the Office contemplated by paragraph 4.2 of this Agreement becomes operational and, thereafter, the said Office;

3.9. "Makivik":

Makivik Corporation, the corporation established by the Act to establish the Makivik Corporation (R.S.Q., ch. S-18.1), and constituted as the Inuit Native Party for purposes of the JBNQA pursuant to paragraph 1.11 thereof;

3.10. "Representative level of employment":

means a level of Inuit employment in Northern Quebec that reflects the ratio of Inuit to the total population of the Territory;

3.11. "Territory":

means the area in the province of Quebec north of the 55th parallel of latitude, as delineated in the JBNQA.

4. List of Inuit Firms:

- 4.1. Makivik shall prepare and maintain a comprehensive list of Inuit firms, which will include information on the goods and services those firms would be in a position to furnish in relation to actual or potential government contracts. Makivik shall undertake the necessary measures to ensure that this data is maintained and updated on a continuous basis.
- 4.2. Makivik shall ensure that the List of Inuit Firms is provided to the federal government departments and agencies active in the Territory.
- 4.3. The List of Inuit Firms shall be used by Canada for purposes of requesting Inuit firms to participate in solicited bidding, but shall not restrict the ability of any Inuit firm to tender bids for government contracts, in accordance with the Bid Invitation process, outlined in Section 9 below.

5. Contracting Procedures:

- 5.1. Canada shall, upon the request of Makivik, provide reasonable assistance in familiarizing Inuit firms with the contracting procedures of Canada.

6. Planning of Government Contracts:

- 6.1. In the planning stage of government contracts for the provision of goods, services, construction, or leases in the Territory, Canada shall undertake all reasonable measures to provide opportunities to qualified Inuit firms to compete for and obtain such government contracts. These measures will include, but are not necessarily limited to:
 - a) setting the date, location, and terms and conditions for bidding so that Inuit firms may readily bid;
 - b) inviting bids by commodity groupings to permit smaller and more specialized Inuit firms to bid;
 - c) permitting bids for goods and services for a specified portion of a larger contract package to permit smaller and more specialized Inuit firms to bid;
 - d) designing construction contracts in a way so as to increase the opportunity for smaller and more specialized Inuit firms to bid; and,

- e) avoiding artificially inflated employment skill requirements not essential to the fulfilment of the contract.

7. Bid Evaluation Criteria:

- 7.1. Whenever practicable and consistent with sound procurement management, all of the following criteria, or as many as may be appropriate with respect to any particular government contract, shall be included in the bid evaluation criteria established by Canada for the awarding of government contracts in the Territory:
- a) the contribution by Inuit in carrying out the contract, which will include, but shall not be limited to, the employment of Inuit labour, the engagement of Inuit professional services or the use of Inuit suppliers;
 - b) the existence or creation of permanent head offices, administrative offices or other facilities in the Territory; and,
 - c) the undertaking of commitments, under the contract, with respect to on-the-job training or skills development for the Inuit.

8. Bid Solicitation:

- 8.1. Wherever practicable and consistent with sound procurement management, Canada will first solicit bids from within the Territory.
- 8.2. Where Canada intends to solicit bids for government contracts in the Territory, Canada will make all possible attempts to award contracts to qualified Inuit firms. To this end, contracts to be awarded in the Territory shall take into account the measures outlined in Section 6 above.
- 8.3. Where Canada intends to solicit bids for government contracts in the Territory, Canada shall take all reasonable measures to determine if there are Inuit firms qualified to perform government contracts. This determination will usually be made by way of reference to the List of Inuit Firms referred to in paragraph 4.1 above.
- 8.4. Where it is determined that there is a single firm within the Territory qualified to perform a government contract, Canada will solicit that firm to submit a bid for the government contract. The contract may be awarded upon negotiation of acceptable terms and conditions.

- 8.5. Where Canada intends to solicit bids from more than one qualified firm within the Territory, Canada shall take all reasonable measures to determine if there are Inuit firms qualified to perform the government contract, and shall solicit bids from those Inuit firms. This determination will usually be made by way of reference to the List of Inuit Firms, referred to in paragraph 4.1 above. The contract, if awarded, shall take into account the Bid Evaluation Criteria, contained in paragraph 7.1 above.
- 8.6. Where a contract has been awarded in accordance with the provisions of paragraphs 8.4 or 8.5 above, it is the responsibility of the contracting authority to ensure that the contract document contains appropriate terms and conditions to make certain that sub-contractors to the contractor are also subject to the intent and the specific provisions of the contract.

9. Bid Invitation:

- 9.1. Wherever practicable, and consistent with sound procurement management, Canada will first invite bids from within the Territory.
- 9.2. Where Canada intends to invite bids for government contracts to be performed in the Territory, Canada shall take all reasonable measures to inform Inuit firms of such bids, and to provide Inuit firms with a fair and reasonable opportunity to submit bids. These measures will include the measures outlined in Section 6, above.
- 9.3. Where Canada intends to invite bids for government contracts to be performed in the Territory, the Bid Invitation process shall take into account the Bid Evaluation Criteria referred to in Section 7 above.
- 9.4. Where a contract has been awarded in accordance with the provisions of paragraph 9.3 above, it is the responsibility of the contracting authority to ensure that the contract document contains appropriate terms and conditions to make certain that sub-contractors to the contractor are also subject to the intent and the specific provisions of the contract.

10. Monitoring and Reporting:

- 10.1. The JBJO, in cooperation with Makivik, shall take the necessary measures to monitor and report on the implementation of the government policy contained herein.

- 10.2. In the event of any disagreement regarding the interpretation of the Agreement contained herein, the parties to the disagreement shall, in the first instance, refer said disagreement to the JBIO for resolution. Resolution may, but shall not necessarily, include reference of said disagreement to the Dispute Resolution Mechanism established between Canada and Makivik under this Agreement.
- 10.3. Canada, through the JBIO, in cooperation with Makivik, shall use its best efforts to obtain from those federal Crown corporations not contemplated by the definition of "Canada", cited above, which are active in the Territory, their accession to this policy.

**INUIT ELIGIBILITY FOR AND ACCESS TO
FEDERAL PROGRAMS AND FUNDING**

1. Definitions:

- 1.1. "JBNQA": The James Bay and Northern Quebec Agreement, entered into on November 11, 1975, as amended from time to time in accordance with paragraph 2.15 thereof;
- 1.2. "JBIO": The JBNQA Implementation Negotiations Office established pursuant to Cabinet decisions, dated June 26, 1986 and March 24, 1988, for purposes of the JBNQA Implementation Negotiations, until the Office contemplated by paragraph 4.2 of this Agreement becomes operational and, thereafter, the said Office;
- 1.3. "Makivik": Makivik Corporation, the corporation established by the Act to establish the Makivik Corporation (R.S.Q., ch. S-18.1), and constituted as the Inuit Native Party for purposes of the JBNQA pursuant to paragraph 1.11 thereof;
- 1.4. "Inuit Negotiator": The person appointed by Makivik on March 8, 1988 to represent the Inuit of Quebec for purposes of the JBNQA Implementation Negotiations, or his successor;
- 1.5. "DIAND": Department of Indian Affairs and Northern Development;
- 1.6. "Inuit" or "Inuit of Quebec": The Inuit beneficiaries as defined under Section 3 of the James Bay and Northern Quebec Agreement;

2. Agreement-in-principle:

The Government of Canada agrees to review in accordance with specific guidelines set out in paragraph 4.1 below and, if necessary, to develop and make recommendations on how to change federal program criteria in order to ensure that the Inuit of Quebec have equal access to all federal programs on the same basis as other Indians and Inuit of Canada, as well as to all federal programs available to other Canadians.

3. Organization of the Working Group:

- 3.1. The Working Group shall consist of a representative appointed by DIAND and a representative appointed by Makivik. Each member may be supported by such other persons as said member may choose.
- 3.2. DIAND and Makivik shall be responsible for their own costs related to the Working Group. Unless they agree otherwise, they shall bear equally the agreed in advance common costs related to the Working Group.

4. Plan of Action:

- 4.1. The review referred to in Section 2 above shall be conducted in accordance with guidelines as follows:
 - 4.1.1. Federal programs and services shall be deemed to apply to the Inuit of Quebec unless the subject matter of such programs and services has been the object of special provisions and benefits under the JBNQA under which the Inuit of Quebec have access to equivalent benefit in the place and stead of such programs and services;
 - 4.1.2. Federal programs and services shall be deemed to apply to the Inuit of Quebec unless responsibility for the delivery of such programs and services has been wholly assumed by Quebec pursuant to the provisions of the JBNQA, without reduction to such programs and services;
 - 4.1.3. Federal programs and services shall be deemed to apply to the Inuit of Quebec unless the subject matter of such programs and services is under the exclusive jurisdiction of Quebec;
 - 4.1.4. Canada's funding of the Inuit of Quebec under federal programs and services shall be subject to any applicable rules respecting the double-funding of a project or undertaking proposed to be funded under such federal programs and services, provided that this shall not be interpreted to prevent Inuit eligibility for and access to joint financing or to enriched programs and services; and,
 - 4.1.5. Federal programs and services do not include income tax exemptions pursuant to the Indian Act or any order thereunder.

- 4.2. Within nine (9) months after the Order in Council approving this Agreement, the Working Group shall submit to the JBIO and the Inuit Negotiator, for their respective approval, a report containing its recommendations and stating any necessary modifications to existing criteria. The report shall specifically point out any amendment to program eligibility criteria that might require Cabinet or Treasury Board approval.

Any changes to federal program eligibility criteria made to ensure access by the Inuit of Quebec to such programs do not represent in themselves a commitment to increase the overall federal funding applicable to such programs from time to time.

- 4.3. The JBIO shall seek to obtain Cabinet and/or Treasury Board approval for any amendment to program eligibility criteria proposed in the report referred to in paragraph 4.2 above that might require such approval.
- 4.4. Changes in program eligibility criteria suggested by the report referred to in paragraph 4.2 above shall be completed by the relevant government department within six (6) months of said report being approved by the JBIO and the Inuit Negotiator under the provisions of paragraph 4.2 above, or, where applicable, within 6 months of the changes being approved by Cabinet and/or Treasury Board.

5. Implementation:

- 5.1. The JBIO shall oversee the implementation of the changes referred to in paragraph 4.4 above.

1. Definitions:

- 1.1. "JBNQA": The James Bay and Northern Quebec Agreement, entered into on November 11, 1975, as amended from time to time in accordance with paragraph 2.15 thereof;
- 1.2. "JBIO": The JBNQA Implementation Negotiations Office established pursuant to Cabinet decisions, dated June 26, 1986 and March 24, 1988, for purposes of the JBNQA Implementation Negotiations, until the Office contemplated by paragraph 4.2 of this Agreement becomes operational and, thereafter, the said Office;
- 1.3. "Makivik": Makivik Corporation, the corporation established by the Act to establish the Makivik Corporation (R.S.Q., ch. S-18.1), and constituted as the Inuit Native Party for purposes of the JBNQA pursuant to paragraph 1.11 thereof;
- 1.4. "Inuit Negotiator":
The person appointed by Makivik on March 8, 1988 to represent the Inuit of Quebec for purposes of the JBNQA Implementation Negotiations, or his successor;
- 1.5. "KRG": Kativik Regional Government, established pursuant to Section 13 of the JBNQA;
- 1.6. "Justice": Department of Justice Canada;
- 1.7. "Solicitor General":
Department of the Solicitor General Canada.

2. Agreement-in-principle:

Canada is of the view that it is impractical to fulfil the letter of the paragraphs of the JBNQA referred to in paragraph 9.3 of this Agreement.

Therefore, Canada and the Inuit of Quebec have agreed to investigate, to make recommendations, and where it is practical and within Canada's jurisdiction and has received appropriate departmental approval, to improve the justice system as it applies to the Inuit of Quebec. This may require separate Working Groups for Justice and Solicitor General issues. Quebec shall be invited to participate in both.

Canada will, if invited by Quebec, participate in a similar Quebec Working Group(s).

In addition, Canada and the Inuit of Quebec have agreed to informal but regular biannual meetings between appropriate representatives of Justice and the Solicitor General and the Inuit of Quebec to discuss progress and problems relating to Native justice.

3. Organization of the Working Group(s):

- 3.1. The Working Group will consist of a representative appointed by Justice, a representative appointed by Solicitor General, a representative appointed by Makivik and a representative appointed by the KRG. Each representative may be supported by such other persons as said representative may choose. Within two months of the date of the Order in Council approving this Agreement, these representatives shall invite two representatives of the Province of Quebec to participate in this Working Group.
- 3.2. In the event that separate Working Groups are required to deal with Justice and Solicitor General issues, each Working Group will consist of a representative appointed by the relevant federal department and a representative appointed by each of Makivik and the KRG. The provisions of paragraph 3.1 above and of Section 4 below shall apply mutatis mutandis to those separate Working Groups, with one representative of the Province of Quebec invited to participate in each separate Working Group.
- 3.3. Each party to the Working Group(s) shall be responsible for its own costs related to the Working Group(s). Unless the parties to the Working Group(s) agree otherwise, the approved in advance common costs related to the Working Group(s) shall be borne equally by the parties to the Working Group(s).

4. Plan of Action:

- 4.1. The Working Group shall meet and discuss how to achieve the agreement-in-principle stated in Section 2 above and shall make specific recommendations and proposals in order to achieve said agreement-in-principle.
- 4.2. No later than twelve (12) months following the Order in Council approving this Agreement, the Working Group shall submit its recommendations for approval to Justice, Solicitor General, the JBIO and the Inuit Negotiator, and in particular report whether any modifications to existing authorities, programs or services would be necessary to implement the said recommendations and whether any such modifications require specific Cabinet approval.

In the event any such recommendations require Cabinet approval, the JBI0 shall oversee the submission of same to Cabinet. No later than twenty-four (24) months following the Order in Council approving this Agreement, Justice and Solicitor General shall make their position on said recommendations known to the JBI0 and the Inuit Negotiator.

5. Implementation:

- 5.1. The JBI0 shall oversee the implementation by the Government of Canada of the approved recommendations referred to in paragraph 4.2 above.

MANPOWER AND TRAINING PROGRAMS

1. Definitions:

- 1.1. "JBNQA": The James Bay and Northern Quebec Agreement, entered into on November 11, 1975, as amended from time to time in accordance with paragraph 2.15 thereof;
- 1.2. "JBIO": The JBNQA Implementation Negotiations Office established pursuant to Cabinet decisions, dated June 26, 1986 and March 24, 1988, for purposes of the JBNQA Implementation Negotiations, until the Office contemplated by paragraph 4.2 of this Agreement becomes operational and, thereafter, the said Office;
- 1.3. "EIC": Employment and Immigration Canada;
- 1.4. "Kativik Region":
The territory in Northern Quebec under the administrative jurisdiction of the KRG;
- 1.5. "KRG": Kativik Regional Government, established pursuant to Section 13 of the JBNQA.

2. Agreement-in-principle

- 2.1. Canada shall enter into agreements with KRG relating to the assumption by KRG of responsibility for the administration and delivery of training programs and employment services currently provided by EIC in the Kativik Region.
- 2.2. The term of the agreements shall be three (3) years. The agreements shall include a provision that they may, prior to expiry, be renewed for a further term, the duration to be then determined, on such terms and conditions as the parties may then agree, subject; however, to the continuation of the underlying EIC programs and services contemplated by these agreements, or of the programs or services in replacement or substitution thereof.
- 2.3. Total funding for the first year of the agreements (fiscal year 1990-1991) shall be \$4,987,000, as described in the operational plan agreed between Canada and KRG.

- 2.4. Subject to a KRG operational plan, approved by EIC, indicating details of the proposed delivery of programs and services to the inhabitants of Kativik Region for the year in question, supporting the expenditure of the proposed funding, funding for each of the second and third years shall be as follows:
 - 2.4.1. the operation budget component of the funding shall not be less than \$1,692,600 for the second year, and \$1,777,230 for the third year;
 - 2.4.2. the program component of the funding shall not be less than the program component of the funding provided for in the first year escalated for each of the second and third years in accordance with annual EIC program expenditure budget increases for the Quebec Region, if any, for such programs or any replacement or substitution thereof, subject, however, to a proportional decrease which may result from a documented decrease in funding by Canada for the Quebec Region of the underlying EIC program funds contemplated in these agreements, provided that:
 - (i) programs and services available to native people shall not have been excluded from such decreases; and
 - (ii) no such decrease shall apply except as directed by the EIC Regional Director after consultation with KRG and the Joint Committee established under the agreements.
3. The said agreements shall include but not be limited to provisions dealing with the following issues:
 - 3.1. Principles of cooperation between EIC and KRG;
 - 3.2. Financial and administrative responsibilities of EIC and KRG;
 - 3.3. Collecting and sharing of data;
 - 3.4. Evaluation and monitoring;
 - 3.5. Methods of implementation;
 - 3.6. Access to information;
 - 3.7. Conflict of interest guidelines;
 - 3.8. Financing, subject to and in accordance with the provisions and conditions set out in Section 2 above;

- 3.9. Staffing;
 - 3.10. Description of activities to be conducted by KRG;
 - 3.11. Terms and conditions of training programs;
 - 3.12. Duration of the said agreements.
- 4. KRG's execution of the aforesaid agreements shall require the approval of the Government of Quebec in accordance with Sections 3.11 and 3.12 of the Act respecting the Ministère du Conseil exécutif.
 - 5. The Government of Canada further agrees that the Minister of Employment and Immigration be authorized to enter into the said agreements with KRG.
 - 6. Implementation:

The JBIO shall oversee the implementation of the agreements and such implementation shall commence as of the execution of this Agreement and shall be carried out within six (6) months of the Order in Council approving this Agreement.

MARINE TRANSPORTATION

1. Definitions:

- 1.1. "JBNQA": The James Bay and Northern Quebec Agreement, entered into on November 11, 1975, as amended from time to time in accordance with paragraph 2.15 thereof;
- 1.2. "JBIO": The JBNQA Implementation Negotiations Office established pursuant to Cabinet decisions, dated June 26, 1986 and March 24, 1988, for purposes of the JBNQA Implementation Negotiations, until the Office contemplated by paragraph 4.2 of this Agreement becomes operational and, thereafter, the said Office;
- 1.3. "Makivik": Makivik Corporation, the corporation established by the Act to establish the Makivik Corporation (R.S.Q., ch. S-18.1), and constituted as the Inuit Native Party for purposes of the JBNQA pursuant to paragraph 1.11 thereof;
- 1.4. "Inuit Negotiator":
The person appointed by Makivik on March 8, 1988 to represent the Inuit of Quebec for purposes of the JBNQA Implementation Negotiations, or his successor;
- 1.5. "KRG": Kativik Regional Government, established pursuant to Section 13 of the JBNQA;
- 1.6. "MTQ": Quebec Ministry of Transport;
- 1.7. "TC": Transport Canada;
- 1.8. "NQMTIP": Northern Quebec Marine Transportation Infrastructure Program;
- 1.9. "F&O": Fisheries and Oceans Canada.

2. Agreement-in-principle:

To establish a Northern Quebec Marine Transportation Infrastructure Program including an implementation schedule, the Program to become effective no later than October 1, 1994.

3. Organization of the Working Group:

- 3.1. The Working Group shall consist of a representative appointed by TC, a representative appointed by F&O, a representative appointed by MTQ, a representative appointed by KRG and a representative appointed by Makivik. Each representative may be supported by such other persons as said representative may choose.
- 3.2. MTQ, TC, F&O, Makivik and KRG shall be responsible for their own costs related to the Working Group. Unless they agree otherwise, they shall bear equally the agreed in advance common costs related to the Working Group.

4. Plan of Action:

- 4.1. The Working Group shall meet and discuss how best to achieve the agreement-in-principle set out in Section 2 above.
- 4.2. The Working Group shall prepare a draft NQMTIP agreement between MTQ, TC, F&O and KRG which shall have as its purpose the achievement of the agreement-in-principle set out in Section 2 above.
- 4.3. The draft NQMTIP agreement shall include, but not be limited, to dealing with each of the following issues:
 - 4.3.1. the scope, framework and timetable of the appropriate studies to be undertaken;
 - 4.3.2. the general specifications of any marine infrastructure and related equipment to be built or purchased;
 - 4.3.3. a construction schedule;
 - 4.3.4. the technical responsibilities of each party to the Working Group with respect to the proposed NQMTIP;
 - 4.3.5. the duration of the NQMTIP agreement; and,
 - 4.3.6. the ownership, operation and maintenance, by Quebec and Canada respectively, of such infrastructure and related equipment as may be identified in the construction schedule referred to in 4.3.3 and the proposed financing related thereto.
- 4.4. Within twelve (12) months of the Order in Council approving this Agreement, the Working Group shall submit a draft NQMTIP agreement

to the necessary persons in MTQ, TC, F&O, and KRG, for their respective approval.

- 4.5. Within twelve (12) months of the Order in Council approving this Agreement, the Working Group shall also report to the JBIO and to the Inuit Negotiator any modifications to existing authorities, programs, services or federal-provincial agreements that would be necessary to implement the draft NQMTIP agreement, how said modifications would be effected, and whether any such recommendations would require specific Cabinet approval.
- 4.6. Within twenty-four (24) months of the Order in Council approving this Agreement, MTQ, TC, F&O, and KRG shall make known their respective formal decision on the draft NQMTIP agreement submitted to them in accordance with the provisions of paragraph 4.4 above.

It is acknowledged that there is no guarantee as to the level of federal funding of the NQMTIP and, furthermore, that Canada would fund its share of the financing of any approved program out of normal Canadian program funding or out of any funding arising from special Canada-Quebec agreements or arrangements related to or including such Program.

5. Implementation:

- 5.1. The JBIO shall oversee the various steps set out above in paragraphs 4.1 to 4.6.
- 5.2. The JBIO shall oversee the implementation of the NQMTIP agreement in the event that it is approved by the appropriate authorities.

SOCIO-ECONOMIC DEVELOPMENT
PART I
INDUSTRY SCIENCE AND TECHNOLOGY

1. Definitions:

1.1. "Agreement":

The Agreement Respecting the Implementation of the James Bay and Northern Quebec Agreement of which this Annex forms an integral part;

1.2. "CAED Strategy":

Canadian Aboriginal Economic Development Strategy;

1.3. "current Contribution Agreement":

Signed between KIF & Her Majesty the Queen in Right of Canada as represented by the Minister of Regional Industrial Expansion, dated February 22, 1989;

1.4. "Inuit Negotiator":

The person appointed by Makivik on March 8, 1988 to represent the Inuit of Quebec for purposes of the JBNQA Implementation Negotiations, or his successor;

1.5. "Inuit" or "Inuit of Quebec":

The Inuit beneficiaries as defined under Section 3 of the JBNQA;

1.6. "ISTC":

Department of Industry, Science and Technology;

1.7. "JBIO":

The JBNQA Implementation Negotiations Office established pursuant to Cabinet Decisions, dated June 26, 1986 and March 24, 1988, for purposes of the JBNQA Implementation Negotiations, until the Office contemplated by paragraph 4.2 of this Agreement becomes operational and, thereafter, the said Office;

1.8. "JBNQA":

The James Bay and Northern Quebec Agreement, entered into on November 11, 1975, as amended from time to time in accordance with paragraph 2.15 thereof;

- 1.9. "Kativik Region":
The territory in Northern Quebec under the administrative jurisdiction of the KRG;
- 1.10. "KRG":
Kativik Regional Government, established pursuant to Section 13 of the JBNQA;
- 1.11. "KIF":
Kativik Investment Fund, a corporation duly incorporated pursuant to the federal laws of Canada;
- 1.12. "KRDC":
Kativik Regional Development Council, established pursuant to subsection 23.6 of the JBNQA;
- 1.13. "Makivik":
Makivik Corporation, the corporation established by the Act to establish the Makivik Corporation (R.S.Q., ch. S-18.1), and constituted as the Inuit Native Party for purposes of the JBNQA pursuant to paragraph 1.11 thereof.

2. Agreement-in-Principle with ISTC

2.1. Program Delivery by KRDC

- 2.1.1. ISTC and KRDC agree to undertake the immediate development of terms and conditions for a contractual agreement under which:
- (a) KRDC will assist ISTC in the delivery of certain designated ISTC services related to the Business Development and Joint Venture Program of the CAED Strategy in consideration for monetary payments to be provided to KRDC by ISTC as per paragraph 2.1.3 below;
 - (b) KRDC performance shall be measured against a jointly-developed set of performance criteria which take into account KRDC's existing capacity and structure and the local and regional factors applicable in the Kativik Region served by KRDC (i.e., remoteness, size of territory, population, number of communities, limitations of transportation and communication links, etc.); and
 - (c) KRDC shall progressively increase its scope of work and level of responsibility regarding its activities referred to in paragraph (a) above,

based on a periodic evaluation of KRDC's performance by ISTC.

- 2.1.2. ISTC and KRDC shall agree upon a list of initial designated services which shall include (i) the promotion of ISTC programs, (ii) assistance to ISTC program applicants in developing proposals, (iii) the pre-analysis of projects prior to submission to ISTC, and (iv) the follow-up and monitoring of approved projects.
- 2.1.3. ISTC and KRDC shall enter into a contractual agreement to implement the foregoing, the terms and conditions of which shall include provisions, inter alia, for the following:
- (a) a term of three years, subject to an annual evaluation of satisfactory performance measured against the jointly-developed objectives and criteria referred to in 2.1.1 (b);
 - (b) the payments referred to in 2.1.1 (a), including a level of funding sufficient to meet all reasonable costs to KRDC for the provision of the designated services by one person;
 - (c) ISTC to supply training for the person providing the designated services re standard ISTC procedures and requirements of the business Development Program. Also, ISTC to pay for all reasonable expenses associated therewith including travel and lodging during visitation to ISTC's regional office required by that person for such purposes; and
 - (d) the coming into force of such contractual agreement no later than three months after the coming into force of the Agreement.
- 2.1.4. ISTC and KRDC intend and have as an objective that, after a period of at least three (3) years and not more than five (5) years, ISTC shall increase KRDC's level of responsibility for assuming the delivery and administration of ISTC's designated contribution programs aimed at the support, development and financing of native businesses for the Kativik Region. Any such increase in the level of responsibility to be assumed by KRDC shall be beyond the level already reached by KRDC in the third year of the contractual agreement envisaged and shall be subject to applicable existing ISTC policy and administrative constraints as

well as acceptable performance by KRDC in its handling of the responsibilities so assumed.

2.2. Expansion of KIF Activities and KIF Funding

ISTC guarantees KIF priority access to additional capital funding to allow it to meet market demand for the services offered to native entrepreneurs in the Kativik Region over a period of five years, by means of two separate increases, to be based on market demand projections for two consecutive 30 month periods, in the manner and on the conditions set out below.

2.2.1. ISTC will finance the cost of two third-party feasibility studies that will each:

- (a) have as an objective a market analysis and a measurement of the demand by the Inuit business community in the Kativik Region, over a 30-month period, for:
 - (i) the financial services offered by KIF as defined by the current Contribution Agreement between KIF & ISTC and the then current Policy and Procedures Manual developed by KIF and approved by ISTC; and
 - (ii) as a separate category, commercial loans that exceed the current maximum loan size specified in the then current Policy and Procedures Manual but are otherwise contemplated thereby;
- (b) have as a further objective the measurement of the incremental capital requirement needed by KIF to meet the above-measured demand over the two consecutive 30-month periods based on the following assumptions:
 - (i) the maintenance of KIF's role and objectives as defined by the then current Policy and Procedures Manual approved by ISTC;
 - (ii) the maintenance of the relative market shares being held by KIF and other commercial and governmental lending and loan guarantee institutions or programs;
 - (iii) the amount of KIF's outstanding loans for annual inventory resupply purposes

(sealift loans) shall not at any time subsequent to full disbursement of all contributions under the existing Contribution Agreement, except with ISTC's consent, exceed 50% of the capital disbursed to KIF;

- (iv) the general loan limits applicable to KIF's current operations are to remain in effect until such time as the total capital disbursed to KIF by ISTC will have reached five million dollars. Once this threshold has been reached, these general loan limits will rise to \$150,000 for private businesses and \$300,000 for community-owned businesses except as may otherwise be agreed upon as provided for in (v) below;
- (v) participation by KIF in financing of larger projects up to the loan limits specified in (iv) above, as well as beyond those limits on an exceptions basis with ISTC consent. For these large projects, ISTC agrees, in addition to the foregoing, to facilitate financing through its loan insurance and guarantee programs as well as any other programs as may be applicable.
- (c) review and evaluate KIF's operating performance in the management of direct loans under its then current ISTC Contribution Agreement including but not limited to acceptable arrears and loss rates, operating cost ratios, asset quality tests, management capacity and cost effective service delivery; and
- (d) identify ways and means to increase and diversify the financial services offered by KIF in Northern Quebec.

2.2.2. ISTC shall finance the entire cost of the two studies within the Terms and Conditions of the Aboriginal Capital Corporation Program by means of non-repayable contributions, the total of which shall not exceed the lesser of:

- (a) 100% of the cost of engaging a qualified consultant; and
- (b) \$250,000.

2.2.3. The first study shall commence on a date mutually agreed between ISTC and KIF but, in any event, not before August 1, 1990, nor later than January 1, 1991. The second study shall commence six months prior to the projected commencement date of the second 30 month period.

2.2.4. ISTC and KIF shall jointly develop the terms of reference for the studies, which shall be consistent with the terms and conditions governing the Aboriginal Capital Corporation Program. KIF shall propose a qualified consultant, the choice of which shall be subject to the approval of ISTC, which approval shall not be unreasonably withheld.

2.2.5. The terms of reference of the studies shall provide for the completion and the tabling of the consultant's report for each 30 month period with respect to the items specified in 2.2.1 (a), (b) and (c), within ninety (90) days of the commencement of each of the studies, following which ISTC together with KIF, shall review the consultant's report with respect to market demand, shall examine the additional capital requirements for KIF and shall identify solution(s) for funding same, consistent with the Terms and Conditions of the Aboriginal Capital Corporation Program.

Additionally, ISTC, together with KIF, shall review the evaluation of KIF's operating performance to date and, in the event that KIF's performance is found to be materially wanting compared to that of a representative group of Aboriginal Capital Corporations meeting adequate performance standards, identify with KIF a plan of action, the implementation of which by KIF, shall render it in conformity with reasonable operating performance criteria.

2.2.6. Within three (3) months of the completion of each of the two (2) feasibility studies, or as the case may be, following satisfactory implementation of the plan of action agreed to and referred to above in 2.2.5, ISTC shall submit a proposal for funding the capital needs of KIF for a 30 month period to the National Aboriginal Economic Development Board for decision on a priority basis.

The proposals will, in each case, be submitted to the Board after full efforts to reach consensus with KIF. The proposals will be based on the consultant's report

which must accurately reflect the assumptions of the study.

If KIF and ISTC cannot reach consensus on recapitalization, the matter will be referred to mediation under the Dispute Resolution Mechanism, on the understanding that the mediator chosen will have a relevant economic background.

If KIF and ISTC cannot reach consensus after mediation, ISTC will submit their recommended proposal to the National Aboriginal Economic Development Board along with KIF's position and that of the mediator.

This proposal will substantially reflect the consultant's recommendations, provided that both KIF and ISTC are satisfied that the report reflects the jointly developed terms of reference, that the data base is accurate, that the methodology is acceptable, that the cash requirement calculations are in agreement with ISTC models, these models to be made available to the consultant by ISTC prior to the commencement of the study, and that it represents a thorough assessment of market needs for the Kativik Region.

Upon confirmation by the Board that the proposal is in conformity with the objectives and the terms and conditions of the Aboriginal Capital Corporation Program, ISTC shall approve funding requirements to meet KIF's incremental capital needs for a 30 month period in the form of:

- (a) additional capital for KIF's loan fund; and/or,
- (b) if KIF so desires and policies and procedures to that effect have been developed and approved by ISTC, capital for a loan guarantee fund as referred to in 2.3.2.

The funds so approved for the first period will be the object of a new Contribution Agreement which will bind KIF to the policies set out in 2.2.1.(b) (iii) and (iv) and, for the second period, an amendment to the then existing Agreement, and will be disbursed to KIF in a manner consistent with the conditions of the Aboriginal Capital Corporation Program and the existing Contribution Agreement (February 22, 1989) between ISTC and KIF, i.e. cash advances for 6-month periods based on justification of the prior advance, demonstrated loan demand and demonstrated requirement of capital to meet such demand.

2.2.7. The contribution to the capital base of KIF will be non-repayable up to a level of \$10 million, including the portion under the current Contribution Agreement. Contributions above this amount will be subject to such ISTC repayment policy as may be in effect at that time, but, in any case, will only apply to contributions that increase KIF's capital beyond the level required for self-sufficient operation. Any repayment obligations arising hereunder shall be interest free and will be based on a percentage, to be determined, of net annual operating profits taking into account provisions for loan losses.

2.2.8. With respect to the existing Contribution Agreement between ISTC and KIF:

- (a) ISTC shall reprofile the current disbursement schedule and accelerate payments as needed to allow KIF to meet demonstrated loan demand in a manner consistent with standard contribution agreement conditions for draw-downs including evaluation of performance;
- (b) ISTC reserves the right to withhold from acceleration 20% of the capitalization budget of the current Contribution Agreement until two months after the commencement of the feasibility study.
- (c) ISTC shall apply the necessary resources to carry out follow-up and performance monitoring of KIF so that its evaluation process shall be expedited and the aforesaid reprofiling and disbursement shall be facilitated.

2.2.9. For both the first and second 30-month period and in the event that it becomes apparent that:

- (a) the consultant's report referred to in paragraph 2.2.5 will not be completed to the satisfaction of ISTC and KIF within four (4) months of the commencement of the study, or the approval of the additional capital for KIF will not be effected within six months of the commencement of the study, and
- (b) as a result of reprofiling, KIF will have drawn down all its allowable capital as provided for under the existing Contribution Agreement, and

- (c) KIF will be unable to meet the demand for direct loans at any time following six months after the beginning of the study,

ISTC shall recommend to the Minister and approve provision for such additional capital as may be required by KIF to meet demonstrated loan demand on an interim basis for a one-year period. Any initial disbursement under this provision shall not be made earlier than six months following the commencement of the study. This provision is also subject to demonstration by KIF to ISTC of satisfactory operating performance, management capability and market demand.

Any additional capital disbursed to KIF under these provisions and beyond that as provided for in the current Contribution Agreement shall be regarded as part of funding the additional capital requirements of KIF for the appropriate 30-month period referred to in paragraph 2.2.6.

2.3. Development of Local Business Financing Capacity

- 2.3.1. Within the context of the Inuit of Quebec efforts to encourage the development of financial service outlets in the Northern Quebec communities, ISTC shall fund through existing programs on a cost-shared basis (50-50%) with KIF studies and consultations for the development of a local and/or regional financial institution that will mobilize local and/or regional savings to assist in local business development, with one objective being to enable KIF to diversify its activities. ISTC's share of funding such costs shall be by way of a non-repayable contribution provided that the costs are in conformity with the Aboriginal Capital Corporation Program criteria. Maximum total costs of such study eligible for ISTC assistance on a cost shared basis shall not exceed \$200,000.
- 2.3.2. It is understood that ISTC cannot directly fund the capital base of a conventional financial institution. With a view, however, to reinforcing and supplementing such local or regional financial institution's commercial lending ability, ISTC will approve an application by KIF to restructure the KIF loan fund to include loan guarantee activity subject to fulfillment of the Terms and Conditions of the Aboriginal Capital Corporation Program.

- 2.3.3. Conditional on the successful implementation of such a local or regional financial institution in Kuujjuaq, Quebec, ISTC shall give priority consideration to a request for funding additional studies and consultations for the development of a full network within Northern Quebec on the same terms.

3. Access to Programs Not Contracted out to KRDC:

- 3.1 It is understood that the Inuit of Quebec and Inuit proponents continue to be eligible for and have a right of access to applicable federal economic development programs and other ISTC programs not contracted out to KRDC as contemplated in paragraph 2.1.3. of this Annex.

4. Implementation:

- 4.1. ISTC, KRDC and KIF shall submit the drafts of the contractual agreement contemplated in paragraph 2.1.3, the terms of reference for the studies contemplated in paragraph 2.2.1 and the proposals and Contribution Agreement and amendment thereto respecting the funding contemplated in paragraph 2.2.6 to the JBI0 and the Inuit Negotiator for their respective approval.
- 4.2. The JBI0 shall oversee the implementation of Part I of this Annex upon the coming into force of this Agreement. Such implementation shall be carried out within the time frames contemplated herein.

PART II
INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

1. Definitions:

- 1.1. "CAED Strategy":
Canadian Aboriginal Economic Development Strategy;
- 1.2. "DIAND": Department of Indian Affairs and Northern Development;
- 1.3. "JBIO": The JBNQA Implementation Negotiations Office established pursuant to Cabinet decisions, dated June 26, 1986 and March 24, 1988, for purposes of the JBNQA Implementation Negotiations, until the Office contemplated by paragraph 4.2 of this Agreement becomes operational and, thereafter, the said Office;
- 1.4. "Inuit" or "Inuit of Quebec":
The Inuit beneficiaries as defined under Section 3 of the JBNQA;
- 1.5. "Inuit Negotiator":
The person appointed by Makivik on March 8, 1988 to represent the Inuit of Quebec for purposes of the JBNQA Implementation Negotiations, or his successor;
- 1.6. "Ilivvik": Ilivvik Inc., a corporation duly incorporated pursuant to the laws of Canada;
- 1.7. "JBNQA": The James Bay and Northern Quebec Agreement, entered into on November 11, 1975, as amended from time to time in accordance with paragraph 2.15 thereof;
- 1.8. "Kativik Region":
The territory in Northern Quebec under the administrative jurisdiction of the KRG;
- 1.9. "KRDC": Kativik Regional Development Council, established pursuant to subsection 23.6 of the JBNQA;
- 1.10. "KRG": Kativik Regional Government established pursuant to Section 13 of the JBNQA.

2. Agreement-in-principle:

- 2.1. Program Delivery by KRDC and Ilivvik:

2.1.1. Canada agrees that DIAND undertake, together with KRDC and Ilivvik, the immediate development of a contractual agreement under which KRDC and Ilivvik shall respectively deliver the DIAND economic development programs currently available in the Kativik Region, as described and in accordance with the general conditions set forth below.

2.1.2. In relation to the community economic planning and development component of the CAED Strategy and in consideration for the monetary payments to be provided to KRDC by DIAND in accordance with paragraphs 2.1.5 and 2.1.6 below, KRDC shall be the Inuit community economic planning and development organization on behalf of DIAND for, inter alia, the following services:

(a) Community Economic and Employment Planning Services

- planning;
- advising;
- accessing; and,
- support services.

(b) Business Development Services

- extension and advisory services;
- planning, brokerage;
- research and analysis;
- marketing, promotion, trade fairs;
- training, seminars, workshops;
- feasibility plans;
- equity assistance;
- repayable and non-repayable contributions to third parties; and,
- support services.

2.1.3. In relation to the community economic planning and development component of the CAED Strategy and in consideration for the monetary payments to be provided to Ilivvik by DIAND in accordance with paragraphs 2.1.5 and 2.1.6 below, Ilivvik shall be the Inuit community economic planning and development organization on behalf of DIAND for the provision and/or financing of, inter alia, the following services:

(a) Employment Services

- counselling;
- planning;

- repayable and non-repayable contributions to third parties; and,
- support services.

2.1.4. The agreements between DIAND/KRDC and DIAND/Iilivvik shall be for a term of four (4) years subject to annual evaluation of satisfactory performance measured against jointly-developed objectives and criteria as set forth in the said agreements. These agreements shall be entered into within sixty (60) days of the execution of this Agreement.

2.1.5. Funding for the first year of the agreements (fiscal year 1990-1991) for delivery of the aforesaid services shall be established in accordance with DIAND'S native population-based allocation formula used for this purpose, shall be subject to KRDC and Iilivvik furnishing operating plans approved by DIAND, and shall be not less than \$1,100,000.

2.1.6. Funding for each of the subsequent three (3) years shall be normally not less than that provided in the first year and shall incorporate underlying DIAND economic development program expenditure escalations, if any, for the programs and services contemplated by these agreements, subject, however, to the following conditions:

- (a) that such funding, including escalation increases, if any, is supported by operating plans submitted respectively by KRDC and Iilivvik and approved by DIAND;
- (b) that decreases may result from a decrease: either, i) in the percentage that the projected Inuit population of the Kativik Region represents of the total Inuit and Indian population for the Quebec Region; or, ii) in the percentage that the total Indian and Inuit population for the Quebec Region represents of the overall Indian and Inuit population in Canada; and,
- (c) that a decrease, other than a decrease as a result of 2.1.6 (b), may result from any decrease in the national DIAND program funding for economic development and employment flowed down to the Québec Region.

2.1.7. The agreements shall include a provision that they may, prior to expiry, be renewed for a further term, the duration to be then determined, on such terms and

conditions as the parties may then agree, subject, however, to the continuation of the underlying federal programs and services contemplated by these agreements or of the programs or services in replacement or substitution thereof.

- 2.1.8. The amount of \$1,100,000 for fiscal year 1990-1991 comprises funding for both the KRDC and Iilivik agreements; out of the aforesaid amount, Iilivik shall receive \$449,000, with KRDC receiving the balance thereof.

3. Access To Programs Not Devolved To KRDC Or Iilivik:

- 3.1. It is understood that the Inuit of Quebec and Inuit proponents in the Kativik Region continue to be eligible for and have a right of access to applicable federal economic development programs and to other DIAND programs and program elements not devolved to KRDC or Iilivik by way of the agreements referred to in Part II of this Annex.

4. Implementation:

- 4.1. KRDC, Iilivik and DIAND shall submit the drafts of the contractual agreements contemplated in paragraph 2.1.4 to the Inuit Negotiator and the JBIO for their respective approvals.
- 4.2. The JBIO shall oversee the implementation of Part II of this Annex. Such implementation shall be carried out within the time frames mentioned herein.

UMIUJAG AIRPORT

1. Definitions:

- 1.1. "JBIO": The JBNQA Implementation Negotiations Office established pursuant to Cabinet decisions, dated June 26, 1986 and March 24, 1988, for purposes of the JBNQA Implementation Negotiations, until the Office contemplated by paragraph 4.2 of this Agreement becomes operational and, thereafter, the said Office.

2. Agreement-in-principle:

- 2.1. The Government of Canada agrees to construct in fiscal year 1992-93 a new airport in Umiujaq in accordance with Paragraph 26 of the Canada-Quebec Airport Program Agreement (dated September 27, 1983). Canada shall pay its share of the cost as stated in the Canada-Quebec Airport Program Agreement (September 27, 1983).

3. Implementation:

- 3.1. The JBIO shall oversee the implementation of the agreement to construct the Umiujaq airport.

DISPUTE RESOLUTION MECHANISM (DRM)

1. Definitions:

1.1. "Interested Party":

Any person, corporation or government that the Parties to the Dispute Resolution Mechanism mutually agree to recognize as an Interested Party;

1.2. "Inuit of Quebec":

The Inuit beneficiaries as defined under Section 3 of the James Bay and Northern Quebec Agreement;

1.3. "JBNQA":

The James Bay and Northern Quebec Agreement, entered into on November 11, 1975, as amended from time to time in accordance with paragraph 2.15 thereof;

1.4. "Makivik":

Makivik Corporation, the corporation established by the Act to establish the Makivik Corporation (R.S.Q., ch. S-18.1), and constituted as the Inuit Native Party for purposes of the JBNQA pursuant to paragraph 1.11 thereof;

1.5. "Party":

- (i) Her Majesty the Queen in Right of Canada (as represented by the Minister(s) responsible for the matter at issue);
- (ii) The Inuit of Quebec (as represented by Makivik, which in turn may be represented by any one or more of the following: Kativik Regional Government, Kativik School Board, Kativik Regional Development Council, Northern Village Corporations, Inuit Landholding Corporations, Kativik Health and Social Services Council, Avataq Cultural Institute, and Kativik Investment Fund);
- (iii) Provided it agrees to participate in the Dispute Resolution Mechanism set out herein and once it has notified the two other Parties of said agreement to participate, the Government of Quebec (as represented by the Minister(s) responsible for the matter at issue);

1.6. "Parties to the Dispute Resolution Mechanism":

Any combination of Parties, as defined exhaustively under paragraph 1.5 above, which participate in the Dispute Resolution Mechanism at the level of either consultations, mediation or arbitration. The definition therefore includes "Parties to the consultations", "Parties to the mediation", and "Parties to the arbitration" as the case may be, but does not include "Interested Party" as defined under paragraph 1.2 above.

- 1.6.1. No other person, corporation or government may be considered a Party to the Dispute Resolution Mechanism set out herein.

2. Dispute Resolution Mechanism Issues:

- 2.1. The Parties may resort to the Dispute Resolution Mechanism set out herein to resolve any dispute arising from or relating to the interpretation, administration and implementation of the JBNQA and this Agreement.

3. Consultations:

- 3.1. Any Party may request bilateral or trilateral consultations with the other Party or Parties regarding any dispute referred to in Section 2 above and thereby makes such other Party or Parties "Parties to the consultations".
- 3.2. The request for consultations shall be made in writing by the requesting Party and shall be sent to all other Parties to the Dispute Resolution Mechanism.
- 3.3. Where bilateral consultations between any two Parties have been requested, the remaining Party may intervene and participate in the consultations and thereafter in the Dispute Resolution Mechanism as a Party thereto, provided one of the two other Parties agrees to such intervention. If the remaining Party does not or is not allowed to intervene in the consultations and thereafter in the Dispute Resolution Mechanism, nothing whatsoever that may result from the other Parties resorting to said mechanism to resolve bilateral matters shall be deemed or used by said other Parties to affect in any way whatsoever any rights or obligations that the remaining Party may have under the JBNQA or this Agreement.

- 3.4. The Parties to the consultations may agree to invite or allow Interested Parties to participate in the consultations. The Parties to the consultations shall decide on the rights and obligations of such Interested Parties with respect to the participation of said Interested Parties in the consultation process.
- 3.5. Each Party to the consultations shall bear its own costs.
- 3.6. The Parties to the consultations shall make every attempt to arrive at a mutually satisfactory resolution of any matter referred to in paragraph 3.1 above.

Should the Parties to the consultations fail to resolve any such matter within 60 days of the request referred to in paragraph 3.2 above, or such other period of time as determined by the Parties to the consultations, any such Party may refer the dispute to mediation by single mediator and/or Panel of Experts, as the case may be, in accordance with the provisions of paragraphs 4.1 to 4.10 below, and thereby makes the other Party or Parties to the consultations "Parties to the mediation", or, if the Parties to the consultations agree, to arbitration in accordance with the provisions of paragraphs 5.1 to 5.6 below.

4. Mediation:

- 4.1. The Parties to the mediation may agree to invite or allow Interested Parties to participate in the mediation. The Parties to the mediation shall decide on the rights and obligations of such Interested Parties with respect to the participation of said Interested Parties in the mediation process.
- 4.2. Within 10 days after a dispute has been referred to mediation under the provisions of paragraph 3.6 above, the Parties to the mediation may agree to refer the dispute referred to in paragraph 3.6 above to a single mediator, provided said single mediator is approved by all Parties to the mediation and is appointed within 30 days of said referral to mediation.
- 4.3. The mediator's terms of reference, procedure and jurisdiction shall be determined by the Parties to the mediation, subject to the following:
 - 4.3.1. Unless the Parties to the mediation otherwise agree, the single mediator shall have 60 days after his appointment to help the Parties to the mediation to reach a mutually satisfactory solution.
 - 4.3.2. Unless the Parties to the mediation otherwise agree, in the event that the Parties to the mediation fail to

reach a mutually satisfactory solution within the period of time allocated to the single mediator, said single mediator shall, within 15 days after the expiration of said period of time, write a non-binding report with his conclusions and recommendations and submit that report to the Parties to the mediation.

- 4.4. From the moment the Parties to the mediation fail to agree to resort to a single mediator, or if they fail to appoint a single mediator within the period of time referred to in paragraph 4.2 above, or if they fail to reach a mutually satisfactory solution within the period of time allocated to the single mediator, any such Party may refer the unresolved dispute to a Panel of Experts in accordance with the provisions of paragraphs 4.5 to 4.10 below or, if the Parties to the mediation agree, to arbitration in accordance with the provisions of paragraphs 5.1 to 5.6 below.
- 4.5. A Panel of Experts shall act with respect to any dispute referred to mediation under the provisions of paragraph 3.6 above when there is no agreement under the provisions of paragraph 4.2 above, and with respect to any unresolved dispute referred to it under the provisions of paragraph 4.4 above.
- 4.6. Within 15 days of a referral to a Panel of Experts under the provisions of paragraphs 4.4 and 4.5 above, each Party to the mediation, in consultation with the other Party or Parties, shall have the option to choose either one or two expert(s) for the Panel. The experts so chosen shall decide unanimously who shall chair the Panel; they may unanimously choose an additional expert for that purpose.
- 4.7. Members of the Panel of Experts shall be chosen strictly on the basis of objectivity, reliability and sound judgment and, where appropriate, expertise in the particular matter under consideration.

While such Experts may include beneficiaries of the JBNQA, Experts shall not be affiliated with or take instructions from any Party.

- 4.8. The Panel of Experts' terms of reference, procedure and jurisdiction shall be determined by the Parties to the mediation, subject to the following:
 - 4.8.1. Unless the Parties to the mediation otherwise agree, the procedure shall assure a right to at least one oral hearing before the Panel as well as the opportunity to provide written submissions and rebuttal arguments.
 - 4.8.2. Unless the Parties to the mediation otherwise agree, the Panel shall, within three months after the hearing, present to the Parties to the mediation a

written report containing findings of fact, if any, the determination of the issue or issues, and recommendations, if any, for the resolution of the dispute. The Panel's report shall be based on the provisions of the JBNQA or this Agreement and on the arguments and submissions of the Parties.

4.8.3. Unless the Parties to the mediation otherwise agree, the proceedings of the Panel shall not be public and the report referred to in subparagraph 4.8.2 above shall be confidential and shall not be binding upon the Parties to the mediation. Upon submitting their report to the Parties to the mediation, the experts shall be functus officio; they shall preserve the confidentiality of the Panel's proceedings and shall not publicly discuss their report.

4.9. Each Party to the mediation shall bear its own costs and an equal share of the agreed to other costs of the mediation, including the remuneration and expenses of the mediator and/or Panel of Experts.

4.10. The Parties to the mediation shall make every attempt to arrive at a mutually satisfactory resolution of any dispute referred to in paragraphs 3.6, 4.2, 4.4 and 4.5 above.

Should the Parties to the mediation fail to resolve any such dispute within 60 days of the report referred to in subparagraph 4.8.2 above or within such other period of time as determined by the Parties under the provisions of paragraph 4.8 above, the Parties to the mediation may agree to refer the dispute to arbitration in accordance with the provisions of paragraphs 5.1 to 5.6 below.

5. Arbitration:

5.1. Within 30 days of the decision to refer a dispute to arbitration under the provisions of paragraphs 3.6, 4.4 or 4.10 above, an Arbitration Board shall be established to resolve said dispute.

5.2. Unless otherwise agreed by the Parties to the arbitration, the Board shall consist of three arbitrators, chosen as follows:

5.2.1. Where only two Parties participate in the arbitration, each Party shall appoint an arbitrator to the Board. The two arbitrators shall choose a third arbitrator who shall chair the Board.

5.2.2. Where the three Parties participate in the arbitration, each Party shall appoint an arbitrator to

the Board. The arbitrators appointed shall designate, amongst themselves, the Chairman.

- 5.3. The Arbitration Board's terms of reference, procedure and jurisdiction shall be determined by the Parties to the arbitration, subject to the following:
- 5.3.1. Unless the Parties to the arbitration otherwise agree, the procedure shall assure a right to at least one oral hearing before the Board, said hearing to be held within 30 days of the Board being fully constituted under the provisions of paragraph 5.2 above, as well as the opportunity to provide written submissions and rebuttal arguments.
 - 5.3.2. Unless the Parties to the arbitration otherwise agree, the Board shall have jurisdiction to decide whether any Interested Party shall be invited or allowed to participate in the arbitration, and if so what the rights and obligations of any such Interested Party shall be with respect to the participation of said Interested Party in the arbitration process.
 - 5.3.3. Unless the Parties to the arbitration otherwise agree, the Board shall render a decision within 3 months after the hearing or within such other period of time agreed to by the Parties to the arbitration. The Board's decision shall be based on the provisions of the JBNQA or this Agreement and on the arguments and submissions of the Parties. The decision shall be in writing and shall state the reasons on which it is based.
 - 5.3.4. Unless the Parties to the arbitration otherwise agree, the Board's decision shall be final and binding on all Parties to the arbitration. However, any error of law and/or excess of jurisdiction on the part of the Board shall be subject to the superintending and reforming powers of the Courts.
 - 5.3.5. Unless the Parties to the arbitration otherwise agree, the proceedings as well as the report of the Board shall be public.
- 5.4. Each Party shall provide for the remuneration and expenses of the arbitrator appointed by it and agreed to other costs of the arbitration. Where a third arbitrator is appointed under the provisions of paragraph 5.2.1, the two Parties to the arbitration shall provide equally for the remuneration and expenses of said arbitrator.

- 5.5. Notwithstanding the provisions of paragraph 5.4 above, the Board shall have jurisdiction to make an award regarding the costs of the arbitration, including the remuneration and expenses of the arbitrators.

The Board may direct who shall pay the costs of the arbitration or any part thereof, and in what manner. If the Board makes no decision as to costs, each Party to the arbitration shall bear its own costs and an equal share of the agreed to other costs of the arbitration; Interested Parties shall bear their own costs, unless the Board decides otherwise.

- 5.6. Except to the extent inconsistent with the provisions of paragraphs 5.1 to 5.5 above, the arbitration shall be governed by the provisions of Book VII of the Code of Civil Procedure of Quebec (Arbitrations: Arts. 940 to 951.2).

6. General Provisions:

- 6.1. Unless otherwise specified, the decisions of the Parties to the Dispute Resolution Mechanism must be unanimous.
- 6.2. The Parties to the Dispute Resolution Mechanism may agree to abridge or extend any delays or otherwise modify the application of any of the provisions set out herein.
- 6.3. The Party that did not or could not intervene at the consultations level under the provisions of paragraph 3.3 above may still intervene at any other stage of the Dispute Resolution Mechanism, provided the two other Parties agree to such intervention.

Exhibit 2

**JAMES BAY AND
NORTHERN QUEBEC
AGREEMENT
IMPLEMENTATION REVIEW**

February 1982

Canada

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1. INTRODUCTION

The Grand Council of the Crees (of Quebec) ("the Crees") and the Makivik Corporation ("the Inuit"), which represent respectively the Cree and Inuit signatories to the James Bay and Northern Quebec Agreement ("the Agreement") have over the past two years made various public statements alleging that Canada and Quebec have not fulfilled their legal and moral responsibilities with respect to the implementation of the Agreement and the James Bay and Northern Quebec Native Claims Settlement Act.

The Crees and Inuit allege that as a result of the failure by Canada and Quebec to live up to their obligations under the Agreement the native people of James Bay and Northern Quebec have not enjoyed the degree of social, economic and material progress which they felt would be the natural outcome of the Agreement. The purpose of this paper is to report on the findings of a review made into Canada's performance in implementing its obligations pursuant to the Agreement.

Cabinet will be considering recommendations, based on the findings outlined in this Report, aimed at ensuring that Canada fulfills, in spirit and letter, all the obligations it assumed pursuant to, and in conjunction with, the Agreement.

2. BACKGROUND

On March 26, 1981 the Crees and Inuit appeared before the House of Commons Standing Committee on Indian Affairs and Northern Development. For over eight hours the Standing Committee heard briefs from the native parties and questioned them concerning their grievances. The chief representative of the Inuit was Mr. Charlie Watt, President of Makivik Corporation and the Crees were represented by Grand Chief Billy Diamond of the Grand Council of the Crees (of Quebec).

As a result of the hearings the Standing Committee took the extraordinary step of drafting a special Statement to the Ministers of Indian Affairs and National Health and Welfare in which they endorsed the claim of the native parties that Canada and Quebec had failed to implement major provisions of the Agreement. The Statement was presented by representatives of the Standing Committee to the Honourable John C. Munro, Minister of Indian Affairs and Northern Development, on March 31, 1981.

In response to the representations made by the Crees and Inuit Mr. Munro announced in the House of Commons the same day that he had discussed the matter with the Honourable Jean Chretien, Minister of Justice and Minister of State for Social Development, and that they had agreed to conduct a joint review of the implementation of the Agreement.

The general terms of reference for the review were:

- a) to determine if Canada has fulfilled, in spirit and letter the obligations which it assumed pursuant to the James Bay and Northern Quebec Agreement (as amended), the James Bay and Northern Quebec Native Claims Settlement Act (1977, 25-26 Elizabeth II, C.32), the November 15, 1974 Federal letters of undertaking, the follow-up Federal letters of November 11, 1975, and all other relevant statutes, agreements and undertakings;
- b) to review Canada's performance in implementing its obligations under the Agreement with regard both to the implementation of specific responsibilities and the management and coordination of Canada's overall implementation responsibilities;
- c) to make recommendations, as necessary, for actions to remedy any shortcomings in the implementation of specific obligations as well as the overall implementation process.

This Report contains findings in respect of points a) and b). Point c) will be the subject of a Memorandum to Cabinet which will be based on the findings outlined below. The Report does not deal with the responsibilities or actions of the Crees, the Inuit, Quebec or the other parties, except insofar as they relate to Canada's performance.

One of the primary objectives of the review process is to lay the groundwork of understanding necessary to allow the Agreement to evolve and develop as it was intended. Problems of implementation and differences of opinion will continue but, with the proper understanding of the nature of the Agreement, positive attitudes on behalf of all parties, and concentration of efforts to resolve problems in discussions among the parties rather than in confrontation, it will be possible to solve these problems with much less acrimony.

The review focused on the specific allegations raised by the native parties in their presentations to the Standing Committee as well as in direct representations to the

Minister of Indian Affairs and the Minister of National Health and Welfare. Consideration was also given to testimony given by the Crees before a meeting of the Standing Committee on Health, Welfare & Social Affairs which was held on May 19, 1981. Specific allegations made with regard to responsibilities falling within Quebec's jurisdiction were not examined except insofar as these relate to certain matters of joint jurisdiction and the overall coordination of the implementation process.

The review was conducted by a team consisting of officials in the Corporate Policy Group and the Indian and Inuit Affairs Program of the Department of Indian Affairs and Northern Development (DIAND) and from the Department of Justice. The review involved: a detailed study of the Cree and Inuit briefs; a review of DIAND files and those of other relevant Departments; interviews with individuals involved in the negotiation and implementation of the Agreement; a review of relevant Department of Justice opinions; and extensive discussions with Cree and Inuit representatives.

In conjunction with the review Mr. Munro, his Parliamentary Secretary, Mr. Ray Chenier M.P., and senior DIAND officials, including Mr. Paul M. Tellier, Deputy Minister, visited several of the Cree and Inuit communities to see the problems of the Cree and Inuit first hand and to discuss possible solutions.

The major Federal responsibility for implementing the Agreement rests with DIAND but there are several other Departments which have or have had specific responsibilities pursuant to the Agreement, including: National Health and Welfare (NHW), Transport Canada (TC), and the Canadian Employment and Immigration Commission (CEIC), and Environment Canada. Federal Departments with responsibilities pursuant to the Agreement participated in the review by reviewing their specific areas of responsibility and their conclusions are reflected in this Report.

In mid August and December the Crees and Inuit were given draft copies of this Report. During the fall and winter DIAND officials met with representatives of the native parties to discuss their comments on the Report as well as identify possible solutions to the problems. Approximately twenty-five meetings were held with the Crees and Inuit and their advisors. The draft Report was revised, taking into account the comments of the native parties.

Copies of the draft Report were also given to representatives of the Federal Departments noted above and various officers of DIAND. Comments received on the draft Report were incorporated in the final version when appropriate.

As will be noted in the Report, the James Bay Crees have launched legal proceedings against both Canada and Quebec regarding the implementation of Section 14 of the Agreement, which deals with the Cree health services regime, and other related matters. It should be clearly understood that the review was conducted without prejudice to those proceedings and that this condition was understood and accepted by the Crees and their legal counsel when they undertook to enter into discussions on the findings of the review as set out in this Report.

3. GENERAL OVERVIEW OF THE AGREEMENT

3.1 Provisions of the Agreement

The James Bay and Northern Quebec Agreement is Canada's first, and to this date only, major modern land claim settlement which has been finalized. The Agreement is an extremely complex document, which details a unique scheme for the social, cultural, economic and environmental management and development of the James Bay and Northern Quebec Territory (the Territory). The Agreement provides for several dozen committees, municipal corporations, authorities, boards, and other legal entities through which it was intended the native people would gain meaningful control over their affairs.

From the perspective of the native parties the main aim of the Agreement was to give them the means through which they could ensure their cultural vitality and preserve their traditional way of life while taking advantage of the economic opportunities and benefits arising out of the development of Quebec's northern territories.

The Agreement, signed November 11, 1975, is between the Government of Québec, the Société d'énergie de la Baie James, the Société de développement de la Baie James, the Commission hydroélectrique de Québec (Hydro-Québec) and the Northern Québec Inuit Association, the Grand Council of the Crees (of Québec) and the Government of Canada. The Agreement provides the native parties with: specified land rights; hunting, fishing and trapping rights; hydro development project

modifications and remedial measures; future development and environmental considerations; provision for local and regional government authority; establishment of native controlled health and education authorities; measures relating to policing and administration of justice; continuing federal and provincial benefits; and native development and economic measures.

Cash compensation of approximately \$232.5 million divided proportionally between the Crees and Inuit and paid out over a maximum period of 21 years is provided for in the Agreement. Canada's share of the compensation payments is \$32.75 million.

In consideration of the rights and benefits set out in the Agreement the native parties agreed to "...cede, release, surrender and convey all their Native claims, rights, titles and interests..." (Section 2.1) to the 400,000 square mile Territory.

The Agreement, which was necessary to permit Quebec to construct the James Bay Hydro Electric Development Project, resulted in approximately 4,386 Inuit and 6,650 Cree people, living in 15 Inuit and 8 Cree communities, being registered as beneficiaries entitled to all the rights and benefits provided in the Agreement. The Agreement was approved, given effect and declared valid by the Parliament of Canada and the National Assembly of Quebec. The ratifying Federal legislation, the James Bay and Northern Quebec Native Claims Settlement Act, was passed by the House of Commons, after lengthy debate and negotiation, on May 4, 1977 and proclaimed on October 31, 1977.

In conjunction with the signing of the James Bay Agreement in Principle on November 15, 1974, letters of undertaking signed, on behalf of Canada, by the then Minister of Indian Affairs, the Honourable Judd Buchanan, were delivered to the Cree and Inuit leaders. These letters of undertaking set out agreements reached between Canada and the native parties with regard to matters, such as airstrip construction; which, although relating to the Agreement, were of primary concern only to Canada and the native parties. These letters are not part of the Agreement. They were, however, negotiated word by word by the negotiators for Canada and the native parties and they are a statement of the undertakings Canada agreed to carry out.

Mr. Buchanan also sent letters to the native leaders in conjunction with the signing of the Final Agreement on November 11, 1975. These letters were necessary, in the opinion of Federal negotiators, to clarify some of the matters raised in the 1974 letters in light of the negotiations which were carried on in the intervening year, and the provisions of the Final Agreement. The 1975 letters were not negotiated and represent only Canada's views rather than an understanding reached between Canada and the native parties.

3.2 The process of negotiation

The Agreement was negotiated under very severe time constraints resulting from the Quebec position that the Hydro-Electric Project had to go forward on an urgent basis, and from the resulting Cree position that they would resume their court action to stop the project if a final agreement was not reached within one year of the signing of the Agreement in Principle on November 15, 1974. The contentiousness of the issues and the opposing positions of the parties were such that some of the most important provisions of the Agreement were only finalized during almost non-stop negotiating sessions during the last two weeks preceding the signing of the Final Agreement on November 11, 1975.

The Agreement was negotiated on the basis of an Agreement in Principle which was signed on November 15, 1974. The Agreement in Principle was in effect an agreement to negotiate an operative agreement.

The pressure under which the Agreement was negotiated, the inherent complexity of its provisions, and the fact that negotiating is by its nature a process of compromise, resulted in a document with many provisions which are vague, ambiguous and open to widely varying interpretations. It was generally understood during the negotiations that the precise details of the various programs, rights and benefits would be worked out over a lengthy process of implementation which would be carried out through the various entities established pursuant to the Agreement and through ongoing discussions involving all parties to the Agreement.

In considering Canada's role in the negotiation and implementation of the Agreement, it is important to keep in proper perspective the role that Canada had in

the settlement of the Cree and Inuit land claim. Under the terms of the Quebec Boundaries Extension Act (1912, 2 George V. C45), the Government of Quebec was given primary responsibility for settling the question of aboriginal title in its new northern territories. Quebec took no action to fulfill this responsibility until it was forced to begin negotiations as a result of the 1973 legal proceedings launched by the Crees and Inuit. The native parties argued in court that the Quebec sponsored James Bay Hydro-Electric Project be halted because the land on which it was being constructed belonged to the Crees and Inuit by virtue of their aboriginal occupation of it. Canada had partial responsibility for compensating the natives for the extinguishment of title, as is reflected in Canada's contribution to the compensation payments. Canada also had the exclusive constitutional authority to pass legislation extinguishing native rights, title and interests. The Federal Government's main involvement however resulted from its historic and constitutional "special responsibility" regarding "Indians and lands reserved for Indians" pursuant to which essential services and programs had been provided to the native people of James Bay and Northern Quebec for many years.

Quebec made significant political and economic gains as a result of the Agreement. The Agreement enabled Quebec to proceed with a multi-billion dollar hydro development scheme which will have long lasting economic benefits. Canada's main purpose for participating in the negotiations was to fulfill its constitutional obligations respecting the Territory and its native inhabitants.

3.3 Agreement Implementation

All parties agree that, in several areas of the Agreement, implementation has taken place and the native people are enjoying the benefits which they negotiated. Both Quebec and Canada have passed or are actively considering legislation and regulations which recognize, protect, and enhance the various rights and benefits accruing under the Agreement. Compensation funds have, with one exception, been paid on schedule and the native corporations established to manage these funds are using them for the general benefit and welfare of the native people.

In the early years of the Agreement the process of implementation was relatively smooth. However, more recently, major disputes have arisen, culminating in the allegations made by the native parties before the Standing Committee and the subsequent decision to review Canada's role in implementing the Agreement.

This Report does not focus on the acknowledged areas of compliance with the terms of the Agreement, but rather on the areas where the native parties contend there have been significant problems. The Crees and Inuit have indicated that they still believe in the basic soundness of the Agreement. In their judgement the current difficulties are a result of the failure of Canada and Quebec to properly fulfill their obligations. The Crees emphasized this point in their brief to the Standing Committee on Indian Affairs.

"While the Agreement was and is a good agreement in its terms, the implementation of important parts of the Agreement has been a failure. Although it cannot be denied that other parts of the Agreement have been successfully implemented, the disputes and tensions caused by the parts which are not working are threatening the remainder of the Agreement." (Underlining in the original).

The Inuit maintain that the failure of Canada and Quebec to properly implement the Agreement stems from underlying negative attitudes, some of which they cite in their brief:

- "a) a prevailing distrust of Inuit intentions on any given point;
- b) residual negative feeling on the part of some government functionaries stemming from the negotiation process leading to the signing of the Agreement;
- c) the attitude that when the Agreement is silent on even the most minor of points, it was meant to be limitative of the native peoples' rights and that, in any event, the Crees and Inuit received too much; and
- d) the attitude that where obligations cannot be met within the framework of existing programs, no new programs will be created and funded."

In discussing their expectations of Canada, both native parties place particular emphasis on Canada's "special responsibility" for the Crees and Inuit which is specifically noted in the preamble to the James Bay and Northern Quebec Native Claims Settlement Act:

"Parliament and the Government of Canada recognize and affirm a special responsibility for the said Cree and Inuit".

The review team discovered several significant areas of implementation with regard to which there have been serious problems of implementation, unresolved disputes, and in some cases a failure to fully implement the Agreement in both its spirit and letter. These problems of implementing the Agreement cannot be attributed to any one party to the Agreement. The discussion below, however, focuses primarily on Canada's role in the implementation process.

4. FACTORS RELATING TO THE SPECIFIC GRIEVANCES

There are several general factors relating to the implementation of the Agreement which are important to note before examining the specific grievances raised by the Crees and Inuit.

4.1 Wording and Interpretation of the Agreement

In the opinion of Department of Justice officials, Canada has not committed any legal breaches of the Agreement.

While in our view Canada has not breached the Agreement as a matter of law, given Canada's special responsibilities for the Cree and the Inuit of Northern Quebec and the importance to them of the James Bay and Northern Quebec Agreement, the matter does not end there.

Indeed, many of the key obligations assumed by Canada are worded in such a way as to give Canada wide discretion in fulfilling them. The determination of when and how commitments are fulfilled and the level of funding are, in the context of the agreement, usually matters of public policy and not law. The fair test of Canada's performance can, therefore, not be solely as to whether the legal obligations have been met; this review focuses not only the letter of the Agreement but on its spirit as well.

A brief explanation of some of the problems concerning the language of the Agreement and the nature of the obligations assumed will be useful in understanding some of the difficulties that have arisen in the implementation process.

Many important provisions of the Agreement are not specific enough to commit Canada to specific levels of service or funding, or to commit the government to achieve goals by a defined date. Some of these provisions indicate that services and funding should be in line with those available to other Canadians, Inuit or Indians and that obligations should be achieved within the limits of funding authority approved by Parliament. These provisions are often difficult to interpret in terms of the monetary expenditure and/or the quality and quantity of services and/or capital goods required to fulfill them.

Where the letter of the Agreement is clear, Canada has met its commitments or is in the process of doing so. It is in areas where subjective factors, such as the "spirit" of the Agreement, are important that most problems have arisen.

This Report attempts to analyze these problems in general terms, without detailed analysis of precise dollar figures and without drawing any conclusions as to precisely what can and should be done to rectify problems. The reason is that problems in living up to the spirit of the Agreement, once identified as such, can only be solved by the parties acting together to realize that spirit. Discussions on details there must be, but they should be undertaken jointly by those parties concerned with the success of the Agreement.

The general problem of interpreting the Agreement is illustrated by the dilemma faced by the review team in trying to reach a consensus on the meaning of Sections 28.1.1 and 28.1.2, which outline preliminary provisions with respect to Section 28: Economic and Social Development - Crees, as they relate to several very crucial sections that follow. Similar preliminary provisions, regarding Inuit economic development, Sections 29.0.2 and 29.0.3 pose the same problem of interpretation.

The review team spent many hours with the native parties and their legal counsel, Department of Justice officials and knowledgeable DIAND officials trying to

interpret these sections as they are written in the Agreement. Most people involved in the negotiation of the wording felt strongly that they knew what it meant and that in their view the meaning was clear. Unfortunately, their interpretations varied. The key elements of this issue are discussed below.

Sections 28.1.1 and 28.1.2 read as follows:

28.1.1 "Programs, funding and technical assistance presently provided by Canada and Québec, and the obligations of the said governments with respect to such programs and funding shall continue to apply to the James Bay Crees on the same basis as to other Indians of Canada in the case of federal programs, and to other Indians in Québec in the case of provincial programs, subject to the criteria established from time to time for the application of such programs, and to general parliamentary approval of such programs and funding.

The foregoing terms, conditions, obligations and criteria will apply to all federal programs referred to in this Section."

28.1.2 "Subject to paragraph 28.1.1, Canada and Québec shall continue to assist and promote the efforts of the James Bay Crees and more specifically undertake, within the terms of such programs and services as are established and in operation from time to time, to assist the James Bay Crees in pursuing the objectives set forth herein in Sub-Sections 28.4 to 28.16.

Sections 28.4 to 28.16 referred to at the end of Section 28.1.2 set out provisions for a wide range of economic and social development initiatives such as: the establishment of Cree associations for Trapping, Outfitting, and Arts and Crafts; the provision of community services; Cree participation in employment and contracts; assistance to Cree entrepreneurs; and other similar provisions.

Sections 28.1.1 and 28.1.2 appear from a legal perspective to qualify the succeeding provisions of Section 28. Thus, according to one possible interpretation, although certain sections in 28 may appear to place specific and special obligations on

Canada, Canada's responsibility to carry out these special obligations is restricted by the extent to which these obligations can be fitted within the existing range of programs and services available to all Indians.

This interpretation is supported by the position of Canada's negotiators that "programs were not negotiable". The preliminary provisions of Section 28 were, according to the Federal negotiators, specifically included to protect the Crees by making it clear that they would, in general, continue to benefit from the usual programs available to status Indians, and to make it clear that all the provisions of Section 28 would have to be fitted within existing programs and services. According to this view, the specific provisions of Section 28 were included only at the insistence of the Crees, and in order to illustrate their intended new ventures and to reflect the very special circumstances that would apply in relation to certain new ventures.

The review team found difficulty in reconciling this interpretation with the specific provisions of Section 28. For example, Section 28.11.1 dealing with community services, appears, subject to certain caveats, to commit Canada to fund specific facilities:

- 28.11.1 "Subject to the extent of financial participation possible by Canada, Québec and the Cree communities and to the priorities actually agreed to by the interested parties at the time annual budgets are discussed and prepared, Quebec and Canada shall provide funding and technical assistance for:
- a) the construction or provision of a community centre in each Cree community;
 - b) essential sanitation services in each Cree community;
 - c) fire protection including the training of Crees, the purchase of equipment and, when necessary, the construction of facilities in each Cree community.

If this section is qualified by the preliminary provisions (28.1.1 and 28.1.2) it becomes very difficult to understand to what this section actually

entitles the Crees, particularly when one considers the preliminary clause limiting the obligation to the extent of possible funding. Government officials who were involved in the negotiations believe that it adds nothing to the Agreement.

On the basis of the research carried out by the review team it appears that in 1975, and since, there was and has been no "meeting of the minds" as to the meaning of these sections. Faced with the need to interpret the meaning of this section in practical terms the review team does not believe that it can simply be ignored. We have concluded that, although Sections like 28.11 may not contain precise legal commitments, they imply an intention by Canada to make its "best efforts" to assist in the accomplishment of the goals referred to in the Agreement.

4.2 The Dynamic Nature of the Agreement

The Agreement provides for a detailed framework within which, through ongoing interaction, the native parties and the other signatories can work towards the full implementation of all the social, economic and political rights and benefits provided in the Agreement. At the time the Agreement was signed it was clearly understood that the achievement of many important aspects of the Agreement would have to be worked out through a long term process of implementation.

The Agreement was designed to allow for the evolution of Inuit and Cree self-government and to allow for the adaptation of specific rights, benefits, and institutions to changing conditions and circumstances. The Agreement was not intended to be a fixed and static legal document but rather a flexible agreement which would allow problems to be worked out through ongoing interaction. The fact that many important aspects of the Agreement were left subject to ongoing negotiation complicated the implementation and interpretation of the Agreement and contributed to some of the specific problems discussed below.

4.3 Perception of Agreement Benefits

In reviewing the implementation of the Agreement, the review team became aware that some segments of the general public and the public service have concluded that the Crees and Inuit are now relatively well off

and, therefore, do not require the same access to government funds and assistance made available to other native groups in the country. This perception of the Agreement benefits is not accurate and is in contrary to the underlying spirit and intent of the Agreement. The Agreement was not designed to solve all the problems of the Crees and Inuit, nor was it intended that the payment of compensation funds would be used as an excuse for reducing programs and services to which the native parties were entitled. The Agreement was intended as a foundation, or a minimum statement, of the rights and benefits to be enjoyed by the native parties. It was not intended that the Agreement be interpreted as a limitation on their rights and benefits. It is important to note that the review team found no evidence of this attitude among officials of DIAND's Quebec Region, who have responsibility for implementing major sections of the Agreement.

It should also be kept in mind, when considering the cash compensation received by the native parties, that the approximate \$225 million due them will not be fully paid out until 1997. This extended payout period results in a considerable reduction in the real value of the compensation payments.

In 1977 the Federal Treasury Board estimated that after taking into account the impact of inflation and the real rate of social discount, which is a measure of the benefit of receiving a dollar today rather than at some later date, the real value of the compensation package, depending on the assumptions used, ranges between \$86.8 million and \$171.9 million in 1976 dollars. Thus, even if the most optimistic assumptions are used, the compensation funds will shrink in real terms by over 26% simply as a result of the prolonged payout period.

4.4 Expectations Arising From the Agreement

In 1975 both the native parties and the governments had high expectations for the successful implementation of the Agreement. This mood of confidence is clearly evident from the press reports at the time of the Agreement signing.

While the expectations of the parties must be taken into account in looking for the spirit of the Agreement, in some instances high expectations on the part of one party or another may have tended to obscure the actual provisions of the Agreement. It appears

that some conflicts concerning implementation stem more from failed expectations than from actual breaches of obligations under the Agreement. In other instances, problems have arisen because parties to the Agreement, both native and governmental, have interpreted the Agreement to give them what they had been bargaining for rather than what was actually put into the Agreement through the normal process of compromise.

4.5 Federal Budgetary Restraint

Federal budgetary restraint over the past several years has played a major role in delaying or limiting the achievement of goals which, in 1975, it was generally assumed could be quickly accomplished. In general, the funding currently available for native orientated programs is inadequate to meet proven needs. This situation has tended to slow down development in many Indian communities, including those coming under the Agreement.

5. SPECIFIC GRIEVANCES

In order to facilitate discussion of the specific grievances raised by the native parties, they are divided in the Report into four categories:

- a) problems relating to the provision of Federal programs, services, benefits and the overall pattern of Federal expenditures in the Territory (5.1);
- b) problems relating to the provision of "special" programs services and benefits, such as health services and social and economic development (5.2);
- c) problems relating to the overall implementation of the Agreement (5.3); and
- d) other related issues (5.4).

5.1. Federal Programs, Services and Benefits

A. Issue

The Crees and Inuit claim that Canada has violated the Agreement by failing to provide, eliminating, or reducing ongoing Federal programs, services and benefits which, pursuant to the Agreement and the Federal letters of undertaking, were to continue to apply to the native parties.

B. Provisions of the Agreement

Sections 2.11 and 2.12 of the Agreement state:

2.11 "Nothing contained in this Agreement shall prejudice the rights of the Native people as Canadian citizens of Québec, and they shall continue to be entitled to all of the rights and benefits of all other citizens as well as those resulting from the Indian Act (as applicable) and from any other legislation applicable to them from time to time.

2.12 "Federal and provincial programs and funding, and the obligations of the Federal and Provincial Governments, shall continue to apply to the James Bay Cree and the Inuit of Québec on the same basis as to the other Indians and Inuit of Canada in the case of federal programs, and of Québec in the case of provincial programs, subject to the criteria established from time to time for the application of such programs.

This principle is reiterated in Section 3(3) of the James Bay and Northern Quebec Native Claims Settlement Act:

"All native claims, rights, title and interests, whatever they may be, in and to the Territory, of all Indians and all Inuit wherever they may be, are hereby extinguished, but nothing in this Act prejudices the rights of such persons as Canadian citizens and they shall continue to be entitled to all of the rights and benefits of all other citizens as well as to those resulting from the Indian Act, where applicable, and from other legislation applicable to them from time to time."

Sections 6 and 7 of the Agreement in Principle (November 15, 1974) also make reference to ongoing programs:

6. "Citizens rights:

Nothing contained in the Final Agreement shall prejudice the rights of the Native people as Canadian citizens of Quebec, and

they shall accordingly be entitled to all of the rights and benefits available to all other citizens, subject to the Indian Act (as applicable) and to any other legislation applicable to them.

7. Federal and Provincial Programs

Federal and provincial programs and funding, and the obligations of the Federal and Provincial Governments, shall continue to apply to the James Bay Crees and the Inuit of Quebec on the same basis as to the other Indians and Inuit of Canada in the case of federal programs, and of Quebec in the case of provincial programs, subject to the criteria established from time to time for the application of such programs."

Canada's responsibilities pursuant to Section 7 were the subject of part of the Federal letter of undertaking, November 15, 1974, which stated:

"With respect to Clause 7 of the said Agreement in Principle, Canada undertakes, in particular, that programs and funding for education, housing and health, will continue to apply to the James Bay Crees and Inuit of Quebec without discrimination to the said Crees and Inuit because of any rights, benefits, or privileges arising from the Final Agreement, all of the foregoing subject to general Parliamentary approval of such programs and funding and the criteria established from time to time for the application of such programs."

C. Position of the Native Parties

In their brief to the Standing Committee the Crees argue that Canada has not respected its commitments pursuant to Sections 2.11 and 2.12. The Crees state:

"... the funding, the services and the programs which the Crees would have received had the Agreement not been signed were supposed to continue after the Agreement and in addition the Crees were to receive the rights, benefits and privileges in their

favour specified in the Agreement and in the Federal Undertakings, including the additional programs, services, resources and funding from the Governments mentioned specifically in the Agreement.

This has not occurred."

"Not only have the Crees not obtained additional benefits, services and programs or even the continuation of these, but there has been a consistent attempt on the part of the Federal Government to reduce programs already applicable to them, to give the benefit of such savings to the Department and to use whatever means available in order to force the Crees to use compensation funds."
(Underlining in the original)

Mr. Charlie Watt put forward a similiar point of view in his oral testimony to the Standing Committee on March 26, 1981:

"As the Inuit in the north of Quebec, we thought that we were going to get a benefit out of the Agreement when we signed it. We thought the promise of no cuts in programs would be respected, but the government has not put any substantial amount of financing in over the last seven years. If you compared our communities with the Northwest Territories - the level of services and the necessary needs that should be in the communities - the people would wonder whether we are in a different country. That is how bad our communities are right at the moment, and I believe this also applies to the Crees, not only to Inuit"

On the basis of a financial analysis they undertook, the Crees believe that Canada has realized a "saving" of \$20.3 million as a result of the James Bay Agreement and this "saving" is growing by \$8.5 million a year. The Crees attribute this "saving" to the following factors:

- i) Replacement of Federal Programs with Provincial Programs. For example, the need for Federal welfare payments has been reduced as a result of the Quebec sponsored Income

Security Program for Trappers. The Cree estimated that this resulted in a "saving" in 1976/77 to 1980/81 of \$6.3 million.

- ii) Replacement of Federal programs with programs funded by Quebec with cost sharing agreements with the Federal Government. For example, Quebec assumed 25% of the cost of the Cree School Board and Canada 75%. Previously Canada paid 100% of education costs. This has resulted, the Crees say, in Canada saving \$12.2 million since 1976-77.
- iii) Removal of administrative burden and related expenses as a result of transfers of responsibilities. The Crees argue that Cree entities such as the CRA have assumed functions previously carried out by the DIAND. In their estimation this has resulted in a saving of \$3.7 million to 1980/81.

Spokesmen for the Crees contend that the spirit, intent, and letter of the Agreement obligates Canada to re-allocate these "savings" to other "ongoing Cree programs and new areas of Cree responsibility". The Crees also argue that, even in areas where ongoing programs have continued, the Crees have received a reduced level of service and funding.

The Inuit contend that the principles enunciated in Sections 2.11 and 2.12 of the Agreement and Sections 6 and 7 of The Agreement in Principle, whereby they would have the benefits of the Agreement plus those under regular Federal programs, have been revised as a result of the restrictive interpretation Canada has given to Sections 29.0.2 and 29.0.3

D. Review of Issue

a. The nature of Canada's obligations

One of the underlying principles of the Agreement is that the native parties would not suffer any reduction in the level of overall services and benefits available to them as a result of the Agreement. The Agreement provides for certain agreed changes in the way rights and benefits are

administered, including shifts of responsibility to Quebec, but it was intended that these changes would supplement and/or replace existing rights and benefits in such a way as to ensure, at the very least, that after the changes had been made the native people did not suffer a net reduction in their rights and benefits.

Sections 2.11 and 2.12 are a formal statement of this basic principle. These sections were intended to ensure that the Crees and Inuit would not be cut off from programs and services offered by Quebec and/or Canada simply because they signed the Agreement. The native parties feared that the governments might treat them as "rich Indians" or "rich Inuit" after they had received compensation payments and use the perceived or imagined improvement in their economic situation as an excuse to eliminate or reduce the programs and services available to them.

Canada's negotiators agree with this general interpretation but differ in one specific respect. Contrary to the contention of the native parties, Canada's negotiators maintain that it was clearly understood during the negotiations that the continuation of programs was subject to the provision of alternative programs in the Agreement; in other words there would be no duplication. Indeed this principle is an underlying thesis of all the special programs, such as health and education, outlined in the Agreement.

The Federal undertaking in the letter of November 15, 1974 (quoted above) to continue "... programs and funding for education, housing and health" was made prior to the negotiations of the Final Agreement. Those negotiations resulted in agreement to alter Canada's responsibilities regarding education and health by introducing alternative regimes to deal with those matters.

It was taken for granted during the negotiations, and seemed to be accepted by the native parties, that in areas such as

education, the specific provisions of the Agreement would take precedence over, and replace, the general education program available to the native people. There was no intention to establish a dual system of programs delivery with the native people having a choice between "ongoing programs" and "special programs". In the opinion of the Federal negotiators, it was understood during negotiations that ongoing programs would apply where there were no special provisions, thus ensuring that the native people received the whole spectrum of services available to Indian and Inuit people plus the special rights, benefits and programs established under the Agreement. The creation of "special programs" was, however, not intended to exclude the native parties from access to particular programs, which might, from time to time, be offered by DIAND or other Federal agencies, if a similar program was not offered within the "special program" as established by the Agreement.

b. Federal expenditure patterns

Appendix #1 (attached) documents Federal expenditures in the James Bay and Northern Quebec Territory over the past 5 years (1975/76-1980/81). The Appendix covers ongoing programs as well as special programs directly relating to the Agreement. Over the 5 year period Federal expenditures totalled approximately \$155 million.

In order to appreciate the relative magnitude of Canada's program funding responsibilities, it is important to note that this sum is 4 times as great as Canada's share of the total compensation payments, and approximately equivalent to the total sum of compensation payments made to date by Canada and Quebec.

The Agreement has resulted in a major reorganization of administrative and budgetary responsibility for programs delivered to the Inuit and Cree people. Quebec has assumed major budgetary responsibilities with regard to education, health, income security, and Inuit local

government. Native run organizations have assumed responsibility for most aspects of program administration and local government previously carried out by DIAND and other government agencies.

The reorganization of the program delivery and administrative systems has necessarily resulted in a change in the pattern and magnitude of Canada's expenditures with regard to the Cree and Inuit communities. In some instances, for example, health and Inuit municipal services, these changes have resulted in budgetary "savings" while in other areas current expenditures clearly exceed what would be the case had the Agreement not come into effect.

For example, despite the fact that Canada now pays only 25% of Inuit education costs and 75% of Cree costs, Canada's overall expenditure on Cree and Inuit education has increased much more rapidly than would have been the case had earlier expenditure patterns been projected into the future.

Moreover the Agreement does not provide, nor was it intended, that expenditure "savings" resulting from the Agreement were to be redirected to other Cree and Inuit programs. It was realized at the time the Agreement was being negotiated that the transfer of program and administrative responsibility would, in certain circumstances, result in a relative reduction of Federal expenditures.

The massive changes in the administration, funding and nature of programs being delivered to the Crees and Inuit make it very difficult to make meaningful comparisons between Federal spending patterns in the pre-Agreement and post-Agreement periods and to calculate the net impact of such changes on Canada expenditures regarding the Crees and Inuit.

Officials of DIAND's Quebec Region are, however, unequivocal in stating that applicable ongoing programs have continued to be available to the Cree and Inuit on exactly

the same basis as they are applied to other eligible groups, except insofar as modifications were necessary as a direct result of provisions in the Agreement. The review team has not seen any evidence to refute this position.

Aside from the technical difficulties in determining whether the Cree and Inuit have received their "fair share" of ongoing funding is the problem of determining what constitutes a "fair share". The Department allocates much of its funding on the basis of need rather than on some clearly objective criteria such as per capita allocations. If a certain group requests, for example, an increase in their housing allocation, that request must be assessed in light of the needs for housing in other communities, and all the needs have to be fitted within an admittedly inadequate budget. In allocating funds to the Cree and Inuit communities, Regional officials indicate that they have based their allocation on a fair evaluation of Cree and Inuit needs relative to other communities in the Region. We see no reason to question that statement.

It should be noted that, in virtue of Section 29.02, the Inuit argue that in their case the comparison should have been made relative to Inuit communities in Canada rather than communities in Quebec. While the review team well understands their position and concern about the conditions in their communities, relative to the conditions of the Inuit in the Northwest Territories, it is noted that the Section refers to the continuation of Federal programs. While the disparities between the Inuit are of concern and while studies should be made and necessary action taken, the solution is beyond the scope of this review.

Regarding the overall question of ongoing Federal programs, services, and benefits, one shortcoming appears to be a failure, on the part of Canada, to analyse the budgetary impact of the Agreement from a global perspective. The native parties expected

that Canada would take into consideration changes in its administrative and funding responsibilities when considering the overall approach of Canada's involvement in the future development of the Cree and Inuit communities, and in dealing with specific requests for changes in programs and funding, and the transfer of person years.

This problem is, however, not unique to the Cree and Inuit communities. Recent DIAND studies indicate that similar problems have occurred with program and funding transfers elsewhere in the country. DIAND is currently examining ways of preventing such difficulties in the future.

It is impossible to determine whether such a global approach to the budgetary implications of the Agreement would have significantly altered the pattern of Federal expenditures during the post-Agreement period. It is, however, clear that the overall rationale of the Federal implementation process would have been on a firmer foundation had such an approach been adopted. The question of Canada's overall implementation procedure is discussed in Section 5.3.2 of this Report.

E. Comments/Summary

Canada's obligation to continue the provision of ongoing programs, services and funding may have been more effectively dealt with had it been considered as part of an overall implementation strategy. Nonetheless, it appears clear that Federal officials have been careful to ensure that the entitlements of the Crees and Inuit were respected.

This does not necessarily imply that the level of services and programs and their funding was necessarily optimal. The overall level of ongoing funding may be disappointing, but it reflects the needs of the Cree and Inuit communities relative to the needs of other Indian and Inuit communities in Quebec and Canada, and relative to the overall budgetary priorities decided upon by Parliament.

The next question is, therefore, whether the letter and spirit of the Agreement confers upon Canada "special" obligations, over and above the commitment to ongoing programs, and if so has Canada fulfilled any such obligations.

5.2 "Special" Programs, Services and Benefits

The native parties contend that the "special" Federal programs, services and benefits which were specified in the Agreement have been applied very narrowly and in a manner which has hampered or prevented the native parties from enjoying all the benefits to which they are entitled. The Inuit stressed this point in their brief to the Standing Committee:

"Native peoples have yet to see the meaningful implementation of the majority of those measures. Canada's approach to these measures illustrates the magnitude of the problem. In the case of every measure, no matter how concrete or imperative the terms of Canada's obligations in this regard may have been stated, implementation has not taken place unless the measure fit squarely within the four corners of existing federal programs.

In other words, in the absence of criteria established for the implementation of such measures through existing programs and in the absence of funds earmarked for such measures, Canada has taken the position that it has no obligation to create special programs or amend existing ones or to seek additional budgetary allocations."

The review team found evidence that there have been serious problems in implementing some of the special programs established under the Agreement. These problems are discussed in detail in the following sections of the Report.

5.2.1 Housing and Infrastructure

A. Issue

The Crees and Inuit maintain that the spirit and letter of the Agreement entitle them to special Federally funded "catch-up programs" to upgrade housing infrastructure in their communities.

B. Provisions of the Agreement

The Agreement and its related documents contain no provision which clearly commits Canada to undertake the type of comprehensive housing and infrastructure "catch-up" program envisaged by the native parties.

In respect of the Crees there are, however, obligations respecting specific localities and/or services. For example, pursuant to the Agreement, and several of the complementary Agreements signed since 1975, Canada undertook to construct housing and infrastructure in certain of the Cree communities. Also Section 28.11.1 (quoted above) makes reference to a general program for the construction of "essential sanitation services in each Cree community..." as well as programs for the construction of community centres and the provision of fire protection.

Canada's obligations with regard to Inuit housing and infrastructure are more general than those relating to the Crees. This may have been a result of the fact that the Agreement provided for Quebec, in conjunction with the Inuit regional and municipal governments, to eventually assume primary responsibilities for Inuit housing and infrastructure. Canada's obligation, as far as the Agreement goes, is to provide ongoing services until such time as a complete transfer is accomplished.

Section 29.0.40 reads:

"The existing provision of housing, electricity, water, sanitation and related municipal services to Inuit shall continue, taking into account population trends, until a unified system, including the transfer of property and housing management to the municipalities, can be arranged between the Regional Government, the municipalities and Canada and Québec."

The specific provisions noted above are of course in addition to the general provisions of the Agreement, such as Sections 2.11 and 2.12 which provided that the Inuit and Cree communities remain eligible to receive all applicable ongoing programs provided by Canada and/or Quebec.

C. Position of the Native Parties

The Crees and Inuit contend that, at the time the Agreement was being negotiated, it was agreed by all parties that virtually all the native communities required a major program to upgrade housing and infrastructure facilities. The native parties argue that, as a result of the fact that aboriginal title in the Territory was in dispute and that the status of the lands on which the communities were situated was disputed, Canada did little to provide essential services in these communities, and funding by Canada was virtually frozen and in certain cases decreased in the 3-4 years immediately preceding the Agreement.

Representatives of the Crees and Inuit told the review team that, during the negotiations, it was impossible, because of time constraints, to determine specific housing and infrastructure requirements, or the amount of funds which would be required to provide the needed facilities. The difficulty in establishing precise needs made it virtually impossible to negotiate a specific program for upgrading the communities.

Moreover, the native parties argue that the government representatives, while they rejected the notion of providing for a "catch-up" program in the Agreement, assured them that the aims of such a program could be accomplished in a reasonable period of time through the application of "ongoing programs", to which the native people would continue to be entitled. Although they understood, and the Agreement specified, that such programs were to be applied on the same basis as "to other Indian and Inuit"

and "subject to the criteria established from time to time for the application of such programs" the Cree and Inuit felt that, in view of the fact that the basic criteria for such programs was need, and their need was proven, they would be given priority consideration. Since at that time government programs and economic activity were expanding, it was assumed that the needs of the native communities could be accommodated within available government programming and funding, particularly insofar as The Agreement contemplated a "unified system" for the delivery of essential services, which would eliminate previously existing duplication between Federal and Quebec programs. The native parties cite Section 2.11, 2.12, 28.11.1 and 29.0.40 as indicative of the underlying commitments by both governments to solve their basic housing and infrastructure needs.

A major focus of the brief presented by the Crees is the critical role that the lack of proper sanitation has played in the health problems experienced by their people. They make special reference to the 1980 gastro-enteritis epidemic which resulted in the death of several native children and was caused, in part at least, by contaminated water supplies and inadequate sanitation. They argue that Section 28.11.1 guarantees them a special program for the construction of sanitation services and that this section was specifically included in the Agreement in recognition of the special obligations that Canada and Quebec were assuming.

The Crees are dissatisfied with the manner in which Canada has fulfilled its responsibilities pursuant to a five year housing and infrastructure agreement signed by DIAND and the Crees, in May 1979. The Crees viewed that agreement as a "temporary measure to enable the [housing and infrastructure] program to be accelerated". The Crees claim that this goal has not been accomplished and that, in fact, the Crees have been forced to use their own funds to accelerate the program. They are not

confident that they will be able to regain these funds from Canada. They have also expressed dissatisfaction with the way in which Canada has fulfilled its undertakings, pursuant to Mr. Buchanan's letter of November 15, 1974, concerning a water and sewage system in Eastmain and the relocation of Nemaska. The Crees considered these undertakings to be "special additional commitments" by Canada.

The Inuit perspective on the "catch-up" issue differs considerably from that of the Crees because the Inuit villages are now Quebec municipalities under Quebec jurisdiction and eligible for Quebec programs and funding. The Cree communities, on the other hand, are essentially similar to Indian reserves and come under Federal jurisdiction. The Inuit agreed to Quebec jurisdiction, but they contend that this was conditional on Quebec providing a level of programs and services, especially housing and infrastructure, geared to the proven needs of their communities. Such programs and services were to be provided, to as great an extent as possible, through the regional and local governments established pursuant to the Agreement.

The poor facilities in their communities are the Inuit argue the result of the failure of Canada to provide adequate funding for the Inuit communities during the time they were under direct Federal control, and especially during the mid 1970's while the Agreement was being negotiated. The Inuit contend that it was understood during the negotiations that the Inuit communities of Northern Quebec compared very unfavourably in terms of housing and essential facilities to similar Inuit communities in the Northwest Territories.

The Inuit object strongly to the Northern Quebec Transfer Agreement, signed February 13, 1981, under which Canada transferred its municipal services responsibilities, including housing, to Quebec. The Inuit maintain that Canada

should have required Quebec to maintain specified levels of services and housing construction as a condition of the Transfer, and that the Inuit should have been a formal party to the Agreement. In the opinion of the Inuit, Canada's actions have set back the construction of needed facilities in their communities.

The position of Quebec and Canada that the Transfer Agreement was necessary in order to implement the "unified system" provided for in Section 29.0.40 is strongly contested by the Inuit. They believe that "unified system" did not necessitate Quebec assuming responsibility for the programs and services previously provided by Canada.

The Inuit are particularly concerned with the extremely poor state of their school facilities. Many of the Inuit schools are overcrowded, dilapidated, lack proper sanitary facilities, pose a serious fire hazard, are grossly energy inefficient and, in the view of the Inuit are, in general, a very poor environment in which to educate their children.

In interviews with the review team, Mr. Watt, and other Inuit representatives, repeatedly reiterated their belief that, without a quick improvement in education facilities, the new generation of Inuit students would be deprived of the education that the Inuit so desperately need if they are to fully take control of their own futures and ensure their cultural vitality.

D. Review of Issue

The needs of the Cree and Inuit communities were viewed at first hand by the Minister of Indian Affairs, his Parliamentary Secretary, members of the Standing Committee on Indian Affairs, and DIAND officials working on the review. Many communities experience overcrowded housing, inadequate water and sanitation services, little fire protection, poor roads and little municipal infrastructure. Education facilities are

often poor, particularly in the Inuit communities. Ironically, given the purpose of the Agreement, some communities experience difficulties with electricity.

It is clear, from discussions with people involved in the negotiation of the Agreement, that the general tone and spirit of the negotiations engendered high expectations about the changes and improvements that the Agreement would bring for the Crees and Inuit. In 1975 there was little doubt in anyone's mind that a major commitment would be required to improve the very poor conditions in the villages. The native parties submitted evidence to the review team that indicates that the need for a major initiative in Northern Quebec was officially recognized as long ago as 1966. Despite the admitted vagueness of the Agreement, it was felt that the Agreement would give the native parties and both governments the impetus to quickly improve conditions. The native people had been repeatedly promised that, as soon as the uncertainty as to the title of the land was resolved, the people could expect a rapid improvement in conditions.

There have been some improvements over the last few years, but they have not been as dramatic or quick as many people on both sides of the negotiating table had hoped and intended would be the outcome of implementing the Agreement.

a) Housing and Infrastructure Expenditures

In implementing the terms of the Agreement with respect to housing and infrastructure DIAND adopted the position, based on a legal interpretation of Sections 2.11, 2.12 and 28.1.1 (see: Section 4.1 above), that the Cree and Inuit communities were entitled, except where otherwise specifically provided in the Agreement or its related documents, to the same programs as those enjoyed by other Indian and Inuit communities in Canada.

On the basis of this interpretation and applying the criteria of proven need, DIAND expended \$26.4* million on housing and infrastructure in the Cree communities in the period 1975/76 - 1980/81 and \$11.9 million in the Inuit communities in the period 1975/76 - 1979/80. (Direct administrative responsibility for Inuit housing and infrastructure was assumed by Quebec in 1980/81).

DIAND has consistently maintained that provisions of Section 28.11.1, dealing with essential sanitation, (though not housing) is subject to Section 28.1.1 (See: Section 4.1 above) which sets out preliminary provisions relating to Section 28.

"Programs, funding and technical assistance presently provided by Canada and Québec, and the obligations of the said governments with respect to such programs and funding shall continue to apply to the James Bay Crees on the same basis as to other Indians of Canada in the case of federal programs, and to other Indians in Québec in the case of provincial programs, subject to the criteria established from time to time for the application of such programs, and to general parliamentary approval of such programs and funding".

"The foregoing terms, conditions, obligations and criteria will apply to all federal programs referred to in this Section."

*The expenditures in the Cree communities includes a \$10 million expenditure for the relocation of Fort George. The Crees consider that this was a "special" expenditure resulting from the Agreement and should not be considered as an "ongoing" expenditure. DIAND officials on the other hand contend that at least half of this expenditure should be legitimately attributed to ongoing programs.

On this basis, the Department carried out the construction of "essential sanitation services" in Cree communities, in accordance with existing programs established for that purpose. In the view of the Federal negotiators, Section 28.11.1 was intended to give recognition to the particular needs for sanitation services of the Cree communities, but did not establish a guaranteed level or time frame for funding. Furthermore, it was considered that the inclusion of Québec funding under Section 28.11.1 would help cover those costs which could not be covered through the application of the ongoing Federal program. Québec's participation was intended to accelerate and enrich the ongoing Federal program.

As noted previously, interviews with senior officials of the Quebec Region of DIAND indicate that Regional officials treated the Cree and Inuit communities like other communities in the Region, taking into account proven needs and the overall funding capacity of the Region and Department. Regional officials note, however, that the proven needs in the communities far exceed the Department's current funding capacity, and that the situation has become particularly severe in the last several years.

In conducting this review, DIAND housing and infrastructure budgets for the years 1973/74 - 1979/80 for the Cree and Inuit communities were studied in detail. As was the case with the general pattern of Federal expenditures, discussed in Section 5.1, it was not possible to reach any firm conclusions as to the pattern of these expenditures.

The major problem with evaluating housing and infrastructure expenditures is the fact that these allocations are made on the largely subjective criteria of need. Therefore any attempt to gauge

expenditures against standards such as the regional per capita allocation, is of doubtful validity.

Nevertheless, an examination of the budgetary information indicates that expenditures in the Cree communities, when looked at in terms of their proportion of the overall Regional capital budget, have remained relatively constant since 1973/74. There is no indication that budgets declined in the period 1973-1975, which corresponds to the period during which the Agreement was being negotiated.

An examination of expenditures in the Inuit communities indicated that there was a decline in funds allocated to the Inuit, as compared to the Regional budget, in the period 1973 - 1975. Expenditures stabilized and began to increase in the period leading up to the transfer of Federal responsibilities to Quebec in 1981. The reasons for this change in expenditure patterns are not clear.

Regarding the existing condition of Inuit and Cree housing and infrastructure there is little doubt that despite the Federal expenditure, conditions are, in general, still below acceptable standards. The lack of proper sanitation facilities and poor housing constitutes a continuous health and safety hazard. These poor conditions are a major factor in the poor level of health in the communities and can be linked to periodic outbreaks of serious diseases, such as gastro-enteritis and T.B.

b) Five Year Cree Housing and Infrastructure Agreement

Under the terms of the Five Year Housing and Infrastructure Agreement, signed in May 1979, the Cree Housing Corporation assumed, on behalf of the James Bay

Crees, responsibility for the planning, implementation and construction of housing and infrastructure facilities in the Cree communities. The main object of the Agreement was to enable the Crees to carry out a proposed five year Cree Community Development Plan at a cost, estimated by DIAND, of \$45.2 million (1979 dollars). The Crees estimate the cost of the program at \$61.5 million. It is clear to both the Crees and Department officials that there have been serious problems in implementing this Agreement.

The Housing Agreement recognizes the limited capital funds available to the Quebec Region. To accelerate the Development Plan, the Agreement provides for the possibility of the Cree Regional Authority advancing additional funds to supplement DIAND's regular allocation during the 5 years construction phase of the program, with the Department reimbursing the Crees over the succeeding 5 years. This would, in effect, result in the Crees utilizing 10 years of Department funding over a 5 year period. During the 5 year construction phase the Department undertook, subject to Parliamentary approval, to maintain funding:

"at a level which will be approximately equivalent to the share of such funding provided to the Cree communities of Quebec for the 1977-78 and 1978-79 fiscal years and this for the duration of this agreement. If our budgets were to remain the same as at present, this would represent an amount of approximately \$3.5 million per year."

On the basis of these provisions, and assuming that the \$3.5 million level would, at the very least, be maintained, the Crees estimated that DIAND would contribute \$35.5 million to the \$61.5 million program. Another \$13.2 million

was to be financed by mortgages. This left a shortfall of \$12.8 million which the Cree expected would be covered, at least in part, by Quebec, pursuant to its obligations under Section 28.11.1.

The Crees' hope for Quebec funding was supported by a special report carried out by Quebec's Director of Environmental Protection Services, Mr. Gilles Jolicœur, which clearly confirmed the need for immediate and wholesale improvements in sanitary facilities in the Cree communities. Preliminary discussions were held with Quebec in 1980 on this subject. Quebec has maintained that its responsibilities extended only to Category IB lands, on which there is little settlement and as yet has provided no funding, Quebec has, however, indicated that it has not categorically, refused to provide funding.

Unfortunately, for reasons that are not clear, discussions with Quebec have been suspended. In addition the capital portion of the Department's budget has declined relative to the overall budget, thus preventing achievement of the \$3.5 target funding level. Cost overruns, attributable to transportation and logistic difficulties, inflation, and some management problems, have occurred on several of the Cree projects. The Crees have, as a result of these factors contributed more of their own money than they had anticipated and the completion date for the Plan has been pushed back to 1987.

To complete the housing and infrastructure program, taking into account projects completed since 1979, the Crees have projected expenditures of approximately \$72 (1981\$). Taking into account current funding levels of the Department (and assuming no further cuts), CMHC loans, and other sources of funding, including the use of the Crees'

own funds, they estimate a major deficit, in their housing and infrastructure program. In addition, the Crees maintain they have already spent \$15 million of their own money on projects which, in their view, should have been funded, in part, by Canada and/or Quebec. An examination of the audited statements of the Cree Regional Authority (CRA) and the Cree Housing Corporation (CHC) confirms that approximately \$15 million, derived from compensation fund revenues, has been loaned by the CRA to the CHC to carry out housing and infrastructure projects.

Although the Crees' expenditure estimates may be high, it is generally recognized by Department officials that given current funding levels, the Department could not meet the Crees' needs, within a desirable timeframe, without having a serious detrimental impact on the progress of programs in other areas of the Region and country, and unless the Crees themselves and Quebec participated in the financing.

c) Environmental Health Conditions in the Cree Communities

Despite disagreements as to the precise legal or moral obligations incumbent upon Canada as a result of the Agreement it is clear that Canada has a responsibility to do everything possible to ensure that the Cree communities have potable water and adequate sewage disposal facilities. This responsibility is reflected in Section 28.11. It is beyond doubt that lack of proper infrastructure facilities is a major factor in the poor health conditions experienced by the Crees and Inuit. It is also true that the overall issue of health care is closely linked and dependent on the living conditions in the communities. There will not be significant improvements in health conditions until there are improvements

in overall living conditions and, in particular, essential sanitation services.

The urgent need to deal with environmental health problems was recognized by the Minister of Indian Affairs, the Honourable John C. Munro, when in September 1980, he undertook to consider the Crees' proposal for a remedial works program in the Cree communities of Nemaska and Rupert House, both of which had fatal outbreaks of gastro-enteritis in the summer of 1980.

There were difficulties in resolving the nature and cost of a suitable remedial program. However, in December 1980 Agreement was reached on a program budgeted at approximately \$500,000. This program is now being implemented by the Cree Housing Corporation and to date Canada has contributed \$469,786 for its implementation. Funding for this program will continue until permanent facilities are in place.

The Crees have worked very hard to make the program effective and have advanced their own funds, subject to repayment by Canada, to fund part of the program. They have reported that the remedial program appears to have been effective and there have not been any serious disease outbreaks in Nemaska or Rupert House recently. Permanent infrastructure facilities are now being installed in both communities by the CHC.

The Crees have identified a potentially serious health problem in Paint Hills and have proposed a \$1 million program to provide emergency remedial services to that community. Discussions are underway with the Crees to determine the need, technical details and funding of such a program. The Cree Housing Corporation has undertaken a project to ensure that the community water supply is potable, and their expenditures will

be reimbursed by DIAND. Work on permanent facilities for the community will begin this year.

Serious problems have also been identified in Eastmain and short term remedial measures are being considered for quick implementation in both communities. There is, however, a continuing need for the construction of permanent facilities as quickly as possible.

d) Nemaska and Eastmain

The 1974 Federal letter of undertaking to the Crees commits Canada to "fund and assist" in the re-establishment of a permanent community for members of the Nemaska Band. Mr. Buchanan's letter of November 11, 1975 to Chief Diamond qualified this undertaking by specifying that "no new or special funds can be provided for this purpose" and, consequently, costs of the relocation would have to be paid out of regular appropriations. The Crees maintain that they understood the 1974 letter to mean that new funds would be available and that the relocation would be carried out quickly.

The Department received Treasury Board approval in 1979 to participate in a 10 year program to build Nemaska. Federal funding of \$2.1 million (1978 dollars) was approved. There is some indication that this funding may not have been fully adequate to provide adequate facilities. Part of the Nemaska Band has already been relocated at the new site and construction of additional facilities is continuing.

The Federal letter of undertaking also obligated Canada to "undertake studies to identify the feasibility and costs of constructing water and sewage system for the ... [community of] Eastmain and

provided that a suitable system can be built at a reasonable cost ... will construct such a system."

A masterplan for Eastmain, including the construction of water and sewage facilities, is currently being worked out by the Cree Housing Corporation in conjunction with the residents of Eastmain. The priority for construction of facilities in Eastmain will be determined by the Cree Housing Corporation taking into consideration available funds, the needs of other communities, and other relevant factors.

The Cree concerns regarding the Nemaska and Eastmain projects relate to the overall issue of whether certain commitments should be considered as "special" obligations or as goals to be achieved within the general ambit of ongoing programming and funding. The review team could find no evidence that it was intended that Canada should assume total responsibility for funding these projects or that Canada was obliged to carry out the projects immediately upon signing the Agreement. Moreover, it appears that it was intended that the projects would be carried out with participation by Canada, Quebec, and the Crees, and that the priorities for construction would be based on an evaluation of competing needs in other Cree communities. Nevertheless, the letter of undertaking indicates a clear commitment by the Minister, acting as a representative of the Government of Canada, to carry out the Eastmain and Nemaska projects.

e) Inuit Housing and Infrastructure:
Northern Quebec Transfer Agreement

The Inuit have requested that Canada participate in the funding of a special accelerated program to upgrade services and facilities available to the Inuit of Northern Quebec to a level comparable to

Northern communities in other areas of Canada. Although Quebec assumed full responsibility for the Inuit communities in February 1981, under the terms of the Northern Quebec Transfer Agreement, the Inuit contend that, in light of the constitutional and moral responsibility that Canada has for the Inuit, the conditions existing in the Inuit communities when the Transfer Agreement was signed, and Quebec's failure to provide what the Inuit consider to be an adequate level of service, Canada should assist in funding the upgrading program. The need for an upgrading program is well documented in the Quebec-commissioned Jolicoeur Report on conditions in the Inuit communities.

Inuit concerns about the condition of their housing are confirmed by a recent Quebec Housing Corporation assessment which found that approximately 700 of the 800 units, constructed under DIAND's Northern Rental Housing Program, were in need of major renovations. In general the houses are poorly constructed, poorly maintained, grossly energy inefficient, overcrowded, and lack essential facilities such as water and indoor toilets.

The facilities and services available in Inuit communities in the N.W.T. are clearly superior to those in similar communities in Northern Quebec. This was clearly evident when, as part of the review, Mr. Ray Chenier, M.P., Parliamentary Secretary to the Minister of Indian Affairs, and DIAND officials toured some of the Inuit communities and then visited Cape Dorset, N.W.T. to compare conditions.

The reasons for the discrepancy between the N.W.T. and Northern Quebec are not clear. Part of the disparity may also result from differences in the programs provided by the Government of the Northwest Territories, which had

responsibility for Inuit in the N.W.T., and those provided by the Indian and Inuit Affairs Program, which had responsibility for Inuit in Quebec. The Inuit maintain it was generally felt, but not specified in the Agreement, that one outcome of the Agreement would be to bring the Quebec Inuit communities up to the level of similiar communities in the N.W.T.

The Northern Québec Transfer Agreement provides that Canada will pay Quebec \$72 million at the rate of \$8 million a year for 9 years as well as transfer \$30.2 million dollars in assets to the Quebec government. This Agreement, although not specifically required by the James Bay Agreement, was necessary, in Canada's view, to achieve the "unified system" of municipal service delivery envisaged in Section 29 of the Agreement. The Inuit objected to Canada signing the Transfer Agreement because, in their opinion, it did not furnish sufficient guarantees that Quebec would supply the services previously provided by Canada at a level adequate to meet the needs of the Inuit communities.

An examination of the history of the Transfer Agreement makes evident the dilemma faced by Canada at the time of its signing. The expenditure plans submitted by Quebec to the Inuit during the discussion of the Transfer Agreement indicated that Quebec was anticipating spending significantly more in the Inuit communities than Canada had spent in the years immediately preceding the proposed Transfer. One of the key elements of the expenditure plan, the Inuit housing program, had, however, not been approved by February 1981 when Quebec put considerable pressure on Canada to sign the Agreement. There were assurances from high level Quebec officials, offered with the condition that a final decision would be made by Quebec

Cabinet, that a housing program essentially along the lines agreed to by the Inuit would be approved.

Quebec indicated to Canada that any delay in signing might result in the Transfer being delayed indefinitely. The urgency to conclude the Transfer was further heightened by the anticipated Quebec election and by the realization by Federal officials that, if the Transfer did not take place, Canada could not match the expenditures planned by Quebec, even if the proposed housing program was not approved.

There was also confusion as to the real desire of the Inuit, both in relation to the Transfer Agreement and the acceptability of the housing program proposed by Quebec. At one point the Minister of Indian Affairs received a letter from the Kativik Regional Government, representing the Inuit municipalities, urging him to sign the Transfer. This letter was later withdrawn by Kativik.

On the basis of the facts before him, and acting on what he considered to be strong assurance from Quebec regarding the housing program, the Honourable John C. Munro signed the Agreement on behalf of Canada on February 13, 1981. Several weeks later it was revealed that the housing program finally approved by Quebec fell short of the program anticipated by the Inuit.

In retrospect, the final decision regarding the housing program is regrettable. However, it appears clear from the evidence that Canada was attempting to act in the best interests of the Inuit. Moreover, Quebec expenditures in all areas, including housing, will still exceed the funding that was previously provided by Canada. However, because Quebec is building the Inuit housing to conform to much higher

standards than were used by Canada the cost per unit is much higher and, consequently, there has not been a significant change in the number of units built annually. The funds which would have been available to DIAND for Inuit housing and municipal services, if the Agreement had not been signed, would have been approximately \$8 million. Quebec, even with the scaled down housing program, plans to spend \$24.5 million during the same period.

The Quebec government's program for Inuit housing is being carried out by the Quebec Housing Corporation with cost-sharing through CMHC's regular social housing program. An examination of current housing plans indicates that even if Quebec upgrades its program, along the lines it promised in February 1981, it still would take at least 10 years just to bring all Inuit housing up to an acceptable standard.

According to the most recent estimates, the Inuit require 465 new houses and 700 renovations over the next 10 years. As noted before, the 700 renovations are required largely because the houses transferred to Quebec by Canada do not meet basic CMHC housing standards. In addition, as a result of rapidly increasing fuel costs, the operation and maintenance expenditures involved in maintaining the Inuit housing will increase rapidly in the coming years.

f) Inuit School Facilities

In their tours of the Inuit villages Mr. Munro, Mr. Genier, and DIAND officials were particularly impressed by the validity of the Inuit concern regarding the condition of their school facilities. Many of the school facilities are seriously inadequate. Many of the buildings are seriously overcrowded, lack proper sanitation and fire protection facilities and are in

general disrepair. Many of the buildings used as schools were not intended as such and have not been properly adapted for school use. Some do not even provide adequate basic shelter let alone a proper learning environment.

The reasons for the inadequate state of Inuit school facilities are difficult to pinpoint. It is at least partly a result of the extremely high cost of construction in the North and generally inadequate budgets. These two factors resulted in very little progress in improving school facilities. In recent years significant increases in enrollment and retention have tended to compound the problem.

Since 1978 direct responsibility for Inuit education has rested, pursuant to the Agreement, with the Kativik School Board, which was established by Quebec and comes under provincial jurisdiction. As specified in the Agreement, Canada contributes 25% of the operational and capital budget of the Board.

Shortly after its establishment Kativik devised a comprehensive 5 year capital development plan for educational facilities. The Board has to date been unable to attain the funding commitments they require to implement this plan. In their view each year of delay simply compounds the serious problems they are already facing.

In opting for an Inuit controlled school board, under Quebec jurisdiction, the Inuit clearly indicated their desire to make education one of the top priorities in the cultural, economic, and social development of their communities. The Inuit believed that the school regime established under the Agreement was the key to ensuring the cultural survival and economic vitality of their people.

The lack of proper facilities is clearly hampering the realization of their educational goals.

On the basis of the first hand observations of the Minister, Mr. Chenier and DIAND officials it is clear that the Inuit are justified in demanding that the construction of new school facilities be given a very high priority.

E. Comments/Summary

The Crees and Inuit have given great emphasis in their presentations to the needs of their communities. First hand examination of the situation, by Mr. Munro and others, has confirmed serious and sometimes critical, needs in the area of housing, municipal infrastructure, education facilities, essential sanitation and fire prevention in many communities. All these factors have combined to perpetuate a living environment, which, in many cases, has resulted in serious health and social problems. These problems will continue until action is taken to improve the general living environment.

The native parties reasonably believed that the Agreement would pave the way for quick improvement of their urgent housing and infrastructure situation within a relatively short period of time and that they would assume the administration of the programs that would be required. That the overall results anticipated in 1975 have not been achieved seems to be a result more of budgets that have decreased in relation to costs than a failure to respect the Agreement or the justified expectations of the native parties.

At the time the Agreement was signed Federal officials had reasonable grounds to believe that the major problems of the Inuit and Crees could be solved through the application of ongoing programs, as well as the undertaking of the specific obligations

contained in the Agreement. In retrospect it appears that this approach has, in many cases, not been sufficient to overcome many of the most serious problems. In addition, serious difficulties in interpreting Sections such as 28.11.1 have complicated discussions aimed at finding solutions. As has been noted elsewhere in this Report, we have concluded that Section 28.11 calls for the best efforts of Canada to provide essential infrastructure for the Cree communities. In relation to the Inuit, we would note, in particular, that Canada has an ongoing responsibility in respect of education and schools; a funding responsibility that Canada shares with Quebec.

After examining the spirit and the letter of the Agreement from a global perspective the review team concludes that it is desirable for Canada, Quebec, and the native parties to consider together new and, where possible, special initiatives to accomplish the goals and realize the expectations of 1975 with as little further delay as possible.

5.2.2 Cree Health Services

A. Issue

The Crees allege that Canada and Quebec have failed to fulfill their obligations with regard to health services and health related services such as essential sanitation. They maintain that these alleged breaches have seriously jeopardized the health of the Cree people.

B. Provisions of the Agreement

Section 14 of the Agreement provides for the establishment, by Quebec, of the Cree Regional Board of Health and Social Services "in order to exercise the powers and functions of a Regional Council within the meaning of the Act respecting Health and Social Services (L.Q. 1971, c. 48)". The Board has responsibility "for the

administration of appropriate health services and social services for all persons normally resident or temporarily present in the Region". The Board also has authority over existing and future health facilities in the Region including the hospital at Fort George.

Section 14 also provides that :

- a) "...Quebec should recognize and allow to the maximum extent possible for the unique difficulties of operating facilities and services in the North..." (14.0.19);
- b) to the maximum extent possible health and social programs and services will be applied through the Cree Health Board (14.0.20);
- c) budgets will be based on actual Federal and Provincial expenditures in 1974/75 modified on the basis of changes in population, costs, and the evolution of general Provincial health services (S.14.0.23);
- d) health services be gradually transferred from Federal to Provincial control through the Cree Board of Health (14.0.25);
- e) Quebec will recognize and protect the special mandate and prerogatives of the Cree Board of Health (14.0.28).

Sections 14.0.25, 14.0.26, 14.0.27 and Schedule 1 provide that responsibility for health services and facilities are to be transferred from Canada to the Health Board in an "orderly and deliberate manner" and outlines the steps to be taken to achieve this aim.

C. Position of the Crees

On March 26, 1981 the Crees appeared before the Standing Committee on Indian Affairs and Northern Development and on May 19, 1981

before the Standing Committee on Health, Welfare and Social Affairs. On both occasions, the Crees made very strong representations concerning their dissatisfaction with the way in which Quebec and Canada have fulfilled their responsibilities relating to health.

The Crees contend that two major issues are at the root of their current health problems:

- i) the failure of Canada and Quebec to provide adequate housing and infrastructure and in particular the lack of essential sanitation services as provided for in Section 28.11.1 of the Agreement and;
- ii) the failure of Canada and Quebec to fulfill the provisions of Section 14 dealing with the delivery of health care services.

The Crees contend that these issues are closely related, and that together they have contributed to a very serious health situation in the Cree communities which has resulted in the outbreak of serious diseases, including a gastro-enteritis epidemic in which a number of Cree infants died.

The issue of housing and infrastructure was discussed in Section 5.2.1. This Section will focus on the related issue of the health care regime provided for in Section 14.

The primary purpose of Section 14 was, in the view of the Crees, to establish a Cree run health care system, operating through the Cree Board of Health and Social Services, and with its operational centre at Fort George. In their view the Health Board has not been given the authority or funding necessary to fulfill the aims of Section 14.

The Crees maintain that their ongoing efforts to force Quebec to fulfill its obligations pursuant to Section 14 led to

open confrontation between the Crees and Quebec, which resulted in the Crees launching legal proceedings against Quebec, seeking enforcement of Section 14, and Quebec putting the Health Board under provisional administration. The Crees also launched legal proceedings against Canada, claiming that Canada also has been negligent in fulfilling its responsibilities pursuant to Section 14.

The creation of the Health Board under Quebec jurisdiction, and the transfer of Federal facilities and health service responsibilities to the Board, as provided for in Schedule 1, the Crees argue, does not relieve Canada of its ultimate constitutional responsibility for Cree health. They maintain that, notwithstanding the provisions of the Agreement, Canada has a constitutional responsibility, pursuant to Section 91(24) of the British North America Act, to provide health and social services to the Crees.

The manner in which Canada carried out its final withdrawal from Cree health care on March 31, 1981 is a matter of particular concern to the Crees. They contend that this action was in contradiction to the spirit and legal intent of the Agreement. In their view the March 31, 1981 date, set out in Schedule 1 of Section 14, especially when considered in light of Section 14.0.26, was merely a target date for the final transfer but did not constitute a legal requirement that all Federal services cease on that date. The Crees maintain that, in view of the very serious health problems in the communities, and the virtual breakdown in relations with Quebec, Canada should have maintained its existing health facilities until such time as they could be transferred in an orderly and deliberate manner, and in a way that would ensure a continuity in the level and quality of health care available. The Crees maintain that their entitlement to Federal health services was guaranteed by Sections 14.0.26 and Schedule I and that

this entitlement was subject only to the Cree communities explicitly agreeing to Quebec assuming responsibility.

The Crees emphasized their views on ongoing Federal responsibility in their brief to the Standing Committee on Health, Welfare and Social Affairs:

"... federal laws, programs and policies continue to apply to the Crees. The contemplated assumption under the James Bay and Northern Quebec Agreement by the Cree Health Board, a provincial creature, of greater responsibility for the administration of health and social services does not mean that all federal responsibility and obligations then ceased. Nor is such assumption by the Cree Health Board the equivalent of a release to the Federal Government to provide such services or an authorization to the federal government to terminate its constitutional responsibility to the Crees in health and social services matters."

"There is no justification for the position of the Federal Government that Section 14 of the Agreement "requires" that the Federal Government cease all health and social services for the Crees as of March 31, 1981. Nor does Section 14 of the Agreement authorize an abdication of federal jurisdiction in these matters. Even if it is eventually held by the Courts that the Federal Government is no longer involved in the delivery of health and social services to the Crees, the Federal Government would still retain ultimate responsibility for the health and welfare of the Crees and for ensuring that Section 14 of the Agreement is properly implemented" (underlining in the original).

In the view of the Crees Canada has a responsibility, as a minimum, to act "as the quarantor of adequate health and social

services for the Crees" and to "provide them the means to ensure such adequate services" (Underlining in the original).

The Crees also argue that Section 2.12, which provides for ongoing Federal programs to apply to the Crees, means that the Crees continue to be eligible for Federal Indian Health Service Programs, even if there are special provisions for Cree health and social services provided for in the Agreement.

A legal action against Canada was launched by the Crees in December 1980 alleging that Canada has failed to fulfill its obligations pursuant to Section 14. Hearings have not yet been held on this case. An attempt by the Crees to get an injunction preventing the March 31 transfer of health services was denied on a point of law without the merits of the issue being considered.

D. Review of Issue

The Cree health care system faces serious problems. The various disputes and problems regarding health care have resulted in many of the health care staff, and the recipients of health services, losing confidence in the ability of the Cree Board to provide a consistently adequate level of health services. This crisis of confidence is reflected in the extremely high turnover of administrative and health care staff, the difficulty in recruiting new staff, and the reluctance of individual Crees and whole communities to accept Health Board services until they are certain that the Board is capable of providing adequate health care.

There appear to be three major issues which have contributed to the current crisis:

- a) continuing tension between the Cree Health Board and the Province of Quebec relating to the mandate and budget of the Board, and the operation of the new hospital in Chisasibi;

- b) continuing dissatisfaction with the manner in which the final transfer of Federal responsibility was carried out on March 31, 1981, and disagreement as to the proper ongoing role of Canada with regard to Cree health care;
- c) internal management problems within the Cree Board which were significantly worsened by the continuing difficulty regarding issues a) and b);

The second issue, b), relates to Canada's responsibilities under the Agreement.

The issue of Federal responsibility for Cree Health services appears to stem from a disagreement that arose during negotiation of the Agreement. All parties agreed on the desirability of establishing a Cree run health board under Quebec jurisdiction. The Crees, however, expressed a desire to maintain Federal participation in health services through funding and/or direct program delivery. Both the Federal and Provincial governments rejected the idea of joint Federal-Provincial involvement. In the view of the Federal negotiators the Agreement reflects, and was intended to reflect, the final negotiated position, which provided for joint funding and delivery during a transitional period, after which Quebec, acting through the Health Board, would assume full responsibility. The Federal negotiators maintained that, although Canada would no longer provide direct funding and services, Federal involvement would be maintained through ongoing programs such as the Federal-Provincial health services cost-sharing agreements, as well as continuing Cree access to special programs such as those dealing with drug and alcohol abuse.

The Department of National Health and Welfare (NHW), which was charged with implementing Section 14, based their implementation strategy on the understanding that Canada would hand over responsibility to the Cree Health Board no later than

March 31, 1981. On this basis, NHW negotiated with the Crees and Quebec for the transfer of several facilities and successfully concluded agreements concerning these.

When the desirability of the final transfer of March, 1981, was questioned, Federal lawyers reviewed the legal requirements and found that in their opinion the transfer was indeed required by the Agreement. Further, NHW officials were of the view that, because the transfer had taken place in stages, no real purpose would be served by delaying it. The Crees have indicated that they felt badly let down by the Federal government's actions in this area, but we have found no reason to question the good faith of the government in proceeding with the transfer.

Canada is not in a position to determine whether Quebec is adequately performing the duties they took over from Canada. However, a NHW analysis of budgets before and after transfer does not indicate any significant drop in funding levels nor does there appear to be any significant decline in the services provided to the Cree people. It is worthwhile to note, however, that Cree Health Board officials maintain that, while it is accurate that funding levels have not dropped, there are significant costs which previously were indirectly funded by Canada, but which are not reflected in the budgets provided by Quebec. They also maintain that the level of services and funding provided by Canada was inadequate, and that this problem has been compounded by transferring the services to Quebec jurisdiction.

The Cree villages involved in the March 31, 1981 transfer still do not accept the legitimacy of Quebec jurisdiction over their health services. They have accepted health services provided by Quebec through the Health Board solely on humanitarian grounds, but still maintain that the Federal government has an ongoing responsibility for their health care.

In reviewing Canada's actions with regard to the transfer, it is clear that, although Canada's actions were based on a legal opinion, there are several unresolved issues relating to Canada's responsibilities which remain to be resolved. Although it is probably neither desirable nor possible for Canada to reassume Cree health care responsibilities, it would be clearly desirable for all the parties to the Agreement to enter into discussions aimed at resolving the overall issue of jurisdiction over Cree health care. Such discussions should be aimed at resolving the continuing dispute with regard to the March 31 transfer, as well as ways of implementing NHW's standing offer to provide consultative and advisory services to the Cree Board of Health and Quebec. Discussions might also focus on ways of ensuring that the Crees have continued access to special health care programs, such as the drug and alcohol abuse program, and the environmental contaminants program.

Canada has tried on several occasions to settle the overall health care issue through negotiation rather than through confrontation and legal proceedings. In November 1980, Federal officials met with senior Quebec officials to urge a negotiated solution to the dispute which, by that time, had already resulted in the Crees suing Quebec, and Quebec placing the Health Board under trusteeship. Federal officials were not able to convince Quebec or the Crees to take a more conciliatory approach to the dispute.

More recently, the Minister of National Health and Welfare, the Honourable Monique Bégin, acting on the basis of a resolution of the Standing Committee on Health, Welfare and Social Affairs, proposed a meeting between herself, the Minister of Indian Affairs, the Crees and the Quebec Minister of Health and Social Services. Despite several attempts to arrange a meeting the Quebec Minister has refused to meet.

Recent bilateral discussions between NHW officials and representatives of the Health Board have been productive. Problems concerning the provision of health services to Crees living outside the territorial limits of the Health Board have been resolved on an interim basis pending discussions with Quebec. Discussions of a technical nature have been held on how to determine optimal service levels. NHW officials have provided information on how the Crees can apply to receive various special ongoing programs such as the alcohol abuse program and they have made the Crees aware of various health advisory services NHW is prepared to provide.

NHW officials have reviewed certain expenditures incurred by the Crees as a direct result of the transfer of health care responsibilities from Canada to Quebec. Consideration is being given to the possible repayment of these funds.

The pending legal actions have clearly affected negotiations on this matter, because the parties are now somewhat reluctant to discuss the dispute for fear of jeopardizing their legal position. As the resolution of the dispute via the courts may take several years, it would appear to be in the long term interests of all parties to attempt to find a resolution that would enable the Crees to assume meaningful control of their health care system, as is clearly intended in the Agreement.

Regarding the two other major problems noted above, there appear to be current initiatives aimed at resolving them. The Cree Health Board has been reorganized and a new management team is now almost completely in place. The Board has been involved in budget negotiations with Quebec for almost a year and, although a final budget has not yet been approved, there are indications that Quebec considers the Board's current budget proposals to be reasonable, and that adequate funding should be forthcoming shortly.

E. Comments/Summary

Canada's objective in dealing with the issue of Cree health care services has been to make the Agreement work as intended, and thereby ensure that the Cree people receive a consistently high standard of health care services. Canada's aim has been, and will continue to be, to attempt to resolve this issue through tripartite negotiation. It is clear that such negotiations are essential to the resolution of this problem.

A resolution of the jurisdictional and budgetary problems of the Health Board and a new initiative regarding the provision of essential sanitation, as discussed in 5.1, are necessary steps in remedying the serious health problems currently being expressed by the James Bay Crees. The assumption by Canada of responsibilities which clearly rest with Quebec, even if it was legally possible, would do little to enhance overall implementation of the Agreement.

5.2.3 Economic Development

A. Issue

The native parties contend that the Agreement in its spirit and letter obligates Canada to encourage and promote the economic development initiatives of the native parties. They contend that Canada has failed to encourage economic development and has only applied the current inadequate programs available to all native communities.

B. Provisions of the Agreement

Sections 28 and 29 deal, respectively, with Economic and Social Development of the Crees and Inuit. The provisions of the Agreement in these sections should be read in conjunction with Sections 2.11, 2.12, 28.1.1 and 29.0.2, all of which are discussed above. Section 29.0.2 is the Inuit equivalent of Section 28.1.1.

Chapter 28 provides for Canada to assist in the funding and/or establishment of: a Cree Trapper's Association, a Cree Outfitters and Tourism Association and a Cree Native Arts and Crafts Association, (28.4 - 28.7)"; a Joint Economic and Community Development Committee (28.8); for Training courses and employment opportunities (28.9 - 28.10); funding of economic development agents and community workers (28.11); and financial assistance to Cree Entrepreneurs (28.12). While most of the programs contained in Chapter 28 are joint undertakings of Quebec and Canada (28.9 - 28.10), some are to be undertakings of the Cree, Quebec and Canada (28.4, 28.11), while others are undertakings limited to Canada (28.12.4).

Federal involvement in economic programs for the Inuit in Chapter 29 includes: job training and employment (29.0.24 to 29.0.32); an interim joint committee to coordinate and make recommendations on Federal and Provincial socio-economic development programs (29.0.33 to 29.0.35); and support to "Inuit entrepreneurs by providing them with technical and professional advice and financial assistance" (29.0.39).

C. Position of the Native Parties

The Crees argue that the implementation of Chapter 28, which was meant to be

"a blueprint for new economic and social programs, services and undertakings for the Cree which would allow them to participate in the 'opportunities' presented by development in Northern Quebec",

has been an unqualified failure.

Because of cutbacks and inflation, the Crees maintain the Department's budget for economic development programs has been reduced, thereby reducing the proportion available to the Crees, while "there has been no effort to continue to have other

Federal programs apply to the Cree people of James Bay". The Crees argue that DREE programs, and other Federal economic development projects, have been applied in a very "minimal way to the James Bay Territory and the Cree people of James Bay".

The Crees contend that the programs mentioned in Section 28 were to be in addition to existing programs available under the provisions of Section 2.11, 2.12 and 28.1.1. In an interview with the review team, the Crees indicated that they would not have signed the Agreement if they had understood that all programs in Section 28 were to be considered only as normal ongoing programs.

The Crees would like to see the funding of "a master economic development plan, a staff of qualified people, training programs and access to programs for financial assistance to new businesses". They would like to see the emphasis placed on transportation routes and infrastructure.

The Inuit argue that Canada is obliged to encourage and promote Inuit economic development. They argue that Canada's obligations have not been met, and that any proposal of the Inuit is not implemented "unless the measure fit squarely within the four corners of existing federal programs".

While the Inuit are aware that funding of programs has to be subject to the approval of Parliament, they argue that Canada has interpreted this provision to mean programs that Canada undertook to establish for the Inuit "had to be pigeon-holed into existing program criteria which are inflexible and do not contemplate those measures...". They state that Makivik enterprises, regardless of Canada's undertaking in Section 29.0.39, have not received any assistance with start-up costs. The Inuit feel their enterprises should be eligible for DREE grants, which the Inuit view as being contemplated by the Agreement.

In testimony before the standing committee, Mr. Mark Gordon, Vice-President of the Makivik Corporation was critical of Canada's performance regarding Inuit economic development.

"In the area of economic development we have been virtually without any assistance at all. Almost all southern-based companies that now operate in the north got there with government subsidies. But here we are, trying to develop this area for the permanent population and there are no subsidies available to us."

In discussing economic development issues with the review team, the Inuit repeatedly emphasized the urgent need for vocational and academic training programs in order to prepare Inuit people to play a meaningful and productive role in the economic, social, political and cultural development of their communities. In their opinion, Section 29.0.27, which calls for the creation of an interim joint committee to coordinate Federal and Provincial manpower training programs, was intended to make provision for the quick resolution of this urgent problem.

The Inuit contend that very little progress has in fact been made in improving the training opportunities available to them. The current programs are, they feel, inflexible and poorly suited to Inuit needs, and provide living allowances which do not reflect the real cost of living in the North.

D. Review of Issues:

a) Interpretation of the Agreement

Much of the language of Sections 28 and 29 is not precise and has created major problems of interpretation. Where the Crees and Inuit have generally felt that programs were not to be limited by sections 2.12, 28.1.1 and 29.0.2, the Federal government has generally interpreted these Sections to mean that

Cree and Inuit projects have to fit into existing programs, and have to compete for limited economic development funds with other Indian and Inuit communities in Quebec.

This difference in interpretation was one of the main reasons that the Joint Economic and Community Development Committee, established under section 28.8, never functioned effectively.

b) Cree Economic Development

The Agreement allows, subject to feasibility studies, for the creation of three Cree Associations: a Cree Trappers' Association, a Cree Outfitting and Tourism Association and a Cree Native Arts and Crafts Association. Canada and/or Quebec are to assist the Cree with funding and technical advice in establishing these Associations.

The Crees, in their submission, indicate that the budget required for these three associations is \$6 million yearly. They gave no detailed breakdown of this figure. The Crees maintain that they did not make strenuous efforts regarding funding the associations in the past because they were discouraged by Canada's overall attitude in implementing Section 28.

The Cree Trappers Association, as provided for in Section 28.5, began functioning after a feasibility study had been carried out. Canada and Quebec funded the study and the setting up of the program. To date the Crees have not finalized their proposal for a feasibility study of a Cree Outfitters and Tourism Association, so it is unclear if, and when, such an association will be set up.

A Cree Native Arts and Crafts Group existed before the Agreement, and this organization will form the basis for the

Cree Native Arts and Crafts Association. The Cree Arts and Crafts group is receiving \$50,000 annually to support their organization.

Section 28.12 of the Agreement stipulates that Canada and Quebec will provide, "within the scope of services and facilities existing from time to time", technical and financial assistance to the Crees in establishing and running business ventures. Canada has interpreted this section to mean that the Crees are eligible for whatever assistance and funding is generally available to Indians, and has relied on existing personnel and programs to fulfill its obligations. The Crees indicate that they do not have easy access to government programs that provide general assistance for business ventures.

Cree entities and individuals are eligible for economic development assistance from the Quebec region of DIAND, but they have made limited use of this source of funds. Moreover, the Region's economic development budget has been cut by inflation and budget cuts. The Region informed the review team that they can consider funding of small projects, but that they did not have any money for major projects, which would have to be considered in Ottawa. This situation would be true for any Indian or Inuit group.

While the Region indicates that they had been willing to assist the Crees in any manner possible to find funds and technical assistance, both from the Department and outside the Department, two problems existed. First, the Crees made it clear, Regional officials contend, that they did not want any assistance unless they specifically asked for it and they have not done so. (On the other hand the Crees maintain that they knew no funds were

available.) Second, if they had asked for funds for large projects there would have been difficulties because of the magnitude of their proposals, and because programs such as special ARDA are not available in Quebec. Special ARDA, which is delivered through the Department of Regional Economic Expansion (DREE) requires a Federal-Provincial Comprehensive Development Agreement, which has not been negotiated.

The absence of native orientated DREE programs in James Bay and Northern Quebec area was a complaint of both the Crees and Inuit. Both argued that DREE had funded other projects in the area, but up until recently had done nothing for natives.

c) Inuit Economic Development

The Inuit argue that the type of enterprises that they have been setting up through subsidiaries are the type of projects that would ordinarily have been eligible for start up and infrastructures grants from DREE, but such grants are not available in Northern Quebec. The Inuit are asking for assistance with start-up costs, that is, the increased costs associated with developing infrastructure in the North, which to date they calculate has cost them \$3.7 million.

At present the subsidiary companies established by Makivik to promote economic development have severe cash flow problems. The prolonged payment period for compensation funds and the excessive cost of carrying out projects in the North have resulted in the amount of funds available for new development being quite limited.

The Eskimo Loan Fund operated by DIAND is not large enough to cover all the "start-up" costs requested by Makivik,

and, in any case, it is unlikely that the "start-up" costs would be eligible for funding by the Fund.

Makivik rightly argues that they should not have to use as much of the compensation funds for economic development projects as they have, and that DREE grants should be available for such projects in Northern Quebec to offset the high costs of starting businesses in the North. Makivik did make application to DREE Indian Affairs and Transport Canada for such grants when the projects were undertaken but were told that their projects did not meet the funding criteria in use at the time.

d) Transportation Infrastructure

Section 28.16 provides for continuing negotiations between Quebec, Canada and James Bay Crees for the construction and maintenance of access roads to Eastmain, Paint Hills and Rupert House. A study completed in May 1977 estimated the costs for these roads to be \$92 million. (The Crees strenuously disagree with the conclusions of this study and maintain that a road program, at a reasonable cost, is feasible.)

Negotiations on the access roads broke down because, apparently, of Quebec's insistence that the roads, including those sections on Cree controlled Category IA lands, be open to the public.

e) Training Needs

Whatever advances are made in the area of economic development, they will be of very little benefit to the Inuit and Crees if there are no adequate programs to train people to acquire the skills to enable them to be employed in economic development projects. The Inuit pointed out to the review team that it is an ironic and sad fact, that at present,

even in Makivik sponsored projects few Inuit are employed. They simply do not have the skills necessary to participate.

Makivik, in cooperation with the Kativik Regional Government and the Kativik School Board, is currently developing a plan for the establishment of an Inuit community college to be located in Northern Quebec. The primary function of the proposed institution would be to provide manpower training especially suited to the particular cultural and economic needs of the Inuit. It is clear that this type of comprehensive approach to economic development is long overdue.

Recent initiatives by CEIC have begun to move in the direction of a comprehensive strategy for training. Prior to the signing of the Agreement, CEIC operated its programs in James Bay and Northern Quebec through the offices of DIAND and other agencies. With the Agreement, CEIC had to develop a development strategy for the North as well as open offices and train Inuit employees. This has recently been completed and CEIC believes that they should now be in a better position to meet Inuit needs.

There seem to be a number of problems in developing training programs for construction trades, the standards for which are provincially controlled. Some of the problems stem from the difficulties experienced by Crees and Inuit in gaining access to apprenticeships in the skilled construction trades.

The Interim Joint Committee set up under 29.0.27, to coordinate training programs offered by Quebec and Canada, functioned until 1980, when its responsibilities were transferred to the Kativik Regional Government, as was contemplated by the Agreement.

E. Comments/Summary

The clear intent of Sections 28 and 29, and for that matter the overall Agreement, was to assist the Crees and Inuit in taking advantage of opportunities to achieve economic development in a manner consistent with their cultural and social values. After reviewing the implementation of these Sections, it is clear that the rate of Cree and Inuit economic development has been slow. This is particularly evident when it is viewed in the context of the expansion of economic activity in the north of Quebec resulting from the James Bay Project. It would appear that the Crees and Inuit are receiving very little economic benefit from the developments occurring on their doorsteps.

The lack of economic development appears to stem less from any failure to implement the provisions of Sections 28 and 29, than from a failure by all the parties to the Agreement to work out a comprehensive and coherent development strategy for James Bay and Northern Quebec. While all the initiatives and programs specified in the Agreement are useful and important in themselves, they will have little impact on economic development unless they are carefully woven into such a strategy.

Comprehensive development strategies with special emphasis on the needs of native people have been developed, and are being implemented in other northern areas of Canada through the mechanism of long range development agreements, entered into by provincial and territorial governments and Canada. It is ironic that the Crees and Inuit, who appear, on the basis of the letter and spirit of the Agreement, to perhaps have a greater claim than others to such development assistance have as yet not received any significant help. This is an urgent problem which deserves immediate attention by all the parties to the Agreement.

It is critically important that, whatever development strategies are eventually adopted, they be integrated with a comprehensive and culturally appropriate manpower training system. Serious consideration should be given by all the relevant authorities to proposals such as Makivik's community college initiative. Past experience has proven that institutions such as those proposed by the Inuit, for example the former Inuit training centre in Churchill, Manitoba, have been of considerable benefit, not only with regard to economic development, but political and cultural development as well.

If a DREE initiative is not possible, special efforts by DIAND and other relevant Departments should be undertaken.

5.2.4 Core Funding: Cree

A. Issue

The Crees maintain that, pursuant to Section 28.15 of the Agreement, Canada has a legal obligation to provide CORE funding to the Cree Regional Authority (CRA) and the Cree local governments.

B. Provisions of the Agreement

Section 28.15 of the Agreement states:

"Canada shall, subject to departmental directives existing from time to time, provide Cree local governments and the Cree Regional Authority with CORE funding for the conduct of their internal administration and other funds to cover administrative costs of governmental programs delegated to the said governments and/or Authority."

Sections 11A.0.5 and 11A.0.6 outline the role and powers of the CRA:

11A.0.5 The Cree Regional Authority shall have the following powers:

- a) the appointment of Cree representatives on the James Bay Regional Zone Council;
- b) the appointment of representatives of the Crees on all other structures, bodies and entities established pursuant to the Agreement;
- c) to give a valid consent, when required under the Agreement, on behalf of the James Bay Crees.

11A.0.6 In addition to the above powers, the said Cree Regional Authority may also be empowered to coordinate and administer all programs on Category I lands of the James Bay Crees if said coordination and administration are delegated to it by one or more of the Cree bands or the corporations which may be established pursuant to Section 9 of the Agreement or by one of the said Cree community corporations.

C. Cree position

The Crees argue that Section 28.15 obligates Canada to provide CORE funds to cover all costs of "internal administration" at the local level, and at the level of the Cree Regional Authority.

For the 1981/82 year the Crees estimated the CORE costs of the CRA to be \$2.2 million, out of an overall budget of \$3.4 million. CORE funding for the CRA would be expected to continue at this level, with adjustments for inflation and changes in CRA responsibilities. The Crees are also claiming reimbursement of CORE expenses incurred by them from the date of the establishment of the CRA.

The Crees have not made any specific claim regarding the funding of the Cree local governments (band councils), except to state that the level of funding currently received by these entities is not adequate, especially in view of their added responsibilities stemming from the Agreement and that it was the intention of the Agreement to provide a "special" core funding program for band councils. The Crees also maintain that the CORE funding requirements of the Cree local governments will increase even more when the proposed Cree/Naskapi Act comes into force.

The Crees base their argument essentially on the spirit and intent of the Agreement, and argue that Canada has adopted a legalistic and narrow interpretation of Section 28.15. In a letter to the Honourable Francis Fox, Secretary of State, January 9, 1981, the Crees summarize their argument as follows:

"At the time that the James Bay and Northern Quebec Agreement was signed, there was not in Canada under any Government Agency, a program for core funding such an Agency (CRA) since no other of its kind existed at that time. In signing the Agreement, Canada had either:

1. an intention in good faith to provide for the operation of this organizations; or
2. the words in the Agreement were intended to be deceptive".

D. Review of Issue

DIAND has interpreted Section 28.15 to mean that existing CORE funding programs would be applied to the CRA and the Cree local governments on the same basis as they were applied to other Indian bands and organizations, similar to the CRA, across the country. This interpretation appears to be backed by Section 28.1.1 which specifies that the programs noted in Section 28 will

be applied according to established criteria, and applied to ongoing programs of general application.

a) Band CORE Funding

Cree local governments have received CORE funding at the same level and subject to the same criteria as other Indian bands. The Departmental program directive dealing with CORE funding specifies that CORE funds are provided to defray such basic costs as operation and maintenance of a Council office, honoraria for Band chiefs and councillors, professional advice and band contributions to district council operations. CORE funding is calculated on a per capita basis and is not directly related to the actual costs incurred by a band. The band receives the funds as a grant and are free to expend them as they see fit for the specified purposes.

The CORE funds received by the eight Cree bands in 1977-1981 are:

1977-78:	\$254,900
1978-79:	\$258,700
1979-80:	\$297,200
1980-81:	\$300,000

Cabinet approval was received in June to increase the CORE funding available to bands by 33% and the Cree bands will be entitled to this increase.

Under the terms of the proposed Cree/Naskapi Act, which is being negotiated pursuant to Section 9 of the Agreement, the Cree bands will assume greater powers than currently exercised by bands operating under provisions of the Indian Act. The Department is cognizant of these increased responsibilities and the need for increased funds to carry them out. The Crees have put forward estimates on the costs of the proposed legislation, and

Department negotiators are discussing these with them as part of the overall process of negotiating the proposed Act.

The requirement under Section 22 to appoint Cree Local Government Environment Administrators will also entail increased administrative costs for the Cree bands. The Department of the Environment is currently studying a Cree proposal to fund the administrators program.

b) CRA CORE Funding

The Department has maintained that the only type of CORE funding for which the CRA is eligible is that available to "district councils" under the provision of the Department's D-2 Program Circular. Under that circular, district councils can receive a small start-up grant in their first three years of operation, after which the circular specifies that the Department will not fund district councils, although band councils have the option of transferring their CORE funds to a district council.

Department officers involved in the negotiation of Section 28 told the review team that, during negotiations, it was made very clear to the Crees that the entitlement of the CRA would be limited to the provisions of circular D-2. The Crees were given copies of the D-2 circular to ensure that there would be no doubt concerning the provisions applicable to the CRA. According to Canada's negotiators it was very clear that, unless the policy on the CORE funding was changed the entitlement of the CRA was very limited.

The limitations on the extent of CRA CORE funding may be explained, in part, by a perception, held during the negotiations by both the Crees and Canada, that the role of the CRA would be fairly limited and costs would be minimal. Neither

party fully realized the extent of the workload that the CRA would have to handle in order to fulfill its mandate.

Section 28.15.1 does not specify which Department is responsible for providing CORE funding. On several occasions the Crees have argued that this section refers to the CORE funding program provided by the Department of the Secretary of State, and on that basis, attempted to negotiate a CORE funding agreement with that Department. Although the Secretary of State reached a tentative agreement with the Crees, these negotiations were ended in January 1981 on the grounds that the CORE funding obligation was a clear responsibility of DIAND.

The CORE funding referred to in Section 28.15.1 is clearly intended for the support of regional and local governments, whereas the CORE funding provided by Secretary of State is intended for the use of political organizations, such as provincial or territorial native associations. Canada's negotiators maintain that, although the Section does not specify the Department responsible, it was clearly understood that the reference to "departmental directives" was a reference to those directives of the Department of Indian Affairs, specifically Program Circular D-2, which had been placed before the Cree negotiators.

Although the program circulars concerning district councils and CORE funding appear to have been rigidly applied to the CRA, this does not appear to be the case regarding district councils in other areas of the country. A 1980 DIAND study of district councils, which identified 43 such organizations across the country, indicates that only 6 of the 43 councils surveyed complied with the essential criteria set out in the program circulars. Very few of the existing

councils applied for, or received, the start-up CORE funding available to them under the program circulars, and few receive CORE funding contributions from their constituent bands. The study indicates, however, that these district councils receive substantial Departmental funding to cover CORE type costs through various ad hoc arrangements. The conclusion of the study was that, although the official DIAND policy is to provide only limited CORE funding to district councils, this policy has not often been followed.

c) Inuit CORE Funding

The Inuit have raised concerns about the lack of CORE funding for the Inuit villages and the Kativik Regional Government. The Inuit situation is different from that of the Crees because there is no provision in the Agreement for Canada to provide CORE funding to the Inuit. Inuit local and regional governments come under Quebec jurisdiction and receive funding from Quebec for the type of expenditures usually covered by CORE funding.

The Inuit community councils received CORE funding until 1979/80, when these Federally constituted bodies were replaced by non-ethnic municipalities incorporated by Quebec. The fact that the new municipalities are non-ethnic makes it impossible for Canada to provide CORE funding unless the existing program criteria and directives are substantially changed.

The Inuit have requested that Canada provide CORE funding to the 15 Inuit Land Holding Corporations which are ethnic entities, and which perform certain local government functions relating to the management of Inuit lands, but which are not local governments as such.

The issue of the applicability of the CORE program to the Land Holding Corporations is basically an operational question and should be dealt with in that context.

d) Secretary of State Funding Programs

Although the Secretary of State's CORE funding program is not applicable to the Cree and Inuit government entities, their political organizations, the Grand Council of the Crees (of Quebec) and Makivik Corporation, both receive funds from this source to defray administrative expenses.

The Secretary of State's Migrating Native Peoples Program funds Friendship Centres used by James Bay Crees in Val d'Or, Chibougamau and Senneterre.

Administrative and Training funds provided for these centres in 1980-81 totalled \$188,055. The Crees maintain that Canada has not provided sufficient funding for the centres and estimate that \$2 million a year should be allocated by Canada.

The funding of these centres is in accordance with Section 28.14 of the Agreement:

"Quebec and Canada shall continue to the extent possible funding and assistance for facilities, programs, services and organizations such as Friendship Centres existing or which may exist from time to time outside Cree communities for the purpose of assisting Cree persons residing, working or temporarily in non-native communities or in transit.

Secretary of State is, however, willing to consider, in accordance with existing program criteria, Cree proposals regarding the Friendship Centres program.

E. Summary/Comments

As is the case with many other provisions of the Agreement, and especially those in Section 28, the difficulties in implementing Section 28.15.1 stem more from honest disagreements as to the meaning and spirit of the Agreement than from any attempt to deny the native parties rights or benefits to which they are entitled.

After carefully studying the history of the dispute over funding the CRA, it appears clear that, although the original intention may have been to fund the CRA in accordance with the circular on funding district councils, subsequent events have made this position untenable. The review team is of the view that a special CRA CORE funding program is necessary.

5.2.5 Airstrips

A. Statement of Issue

The Crees and Inuit claim that Canada has failed to meet its obligations respecting the construction of airstrips, as set in the letters of undertaking to the Inuit and Cree leaders dated November 15, 1974 and signed on behalf of Canada by the then Minister of Indian Affairs, the Honourable Judd Buchanan.

B. Provisions of the Agreement

The Federal letters of undertaking set out the following undertaking with regard to the construction of airstrips

"Canada undertakes to construct airstrips for the permanent Inuit and Cree communities in accordance with the criteria established from time to time for the construction of airstrips in such communities."

C. Position of the Native Parties

The Crees and Inuit maintain that the letter of undertaking clearly obligates Canada to construct airstrips in Northern Quebec. In their view Canada has not fulfilled this obligation.

D. Review of Issue

The letters of undertaking clearly indicate Canada's intention to construct airstrips. Insofar as no precise time limit is imposed on the achievement of this aim such construction would normally be expected to take place within a reasonable delay.

Until recently, no comprehensive program was carried out or planned by Canada. Problems relating to the status of Cree and Inuit lands and program cutbacks impeded the fulfillment of Canada's undertaking. At present, air service facilities in the Inuit and Cree communities are significantly inferior to the facilities in similar remote communities in the Territories and the other Provinces and, in many cases, do not conform with minimum standards of safety and operation prescribed by Canadian Transport Commission regulations.

An interim program initiated in 1976/77 resulted in Transport Canada expending \$454,000 between 1976/77 and 1980/81 for airstrips in the Cree and Inuit communities. This compares to an average cost of \$1.-2.5 million per airstrip for comparable communities in the N.W.T.

In recent months Transport Canada has begun discussions with the Province of Quebec the Inuit and the Crees on a proposal for a Federal-Provincial cost-shared program for the construction of airstrips in the Inuit communities. The cost estimate for the program, which would begin in 1983/84 and be spread over a period of up to 10 years is \$37 million (1981). It is proposed that the program be cost shared 50/50 by Quebec and

Canada. It is anticipated that final agreement can be reached on this program in the near future.

The vital necessity of adequate airstrips for the Cree and Inuit villages is beyond doubt. For all the Inuit communities, and most of the Cree communities, air transportation is the only quick access to the outside world. Air transport is relied on for everything from the evacuation of critically ill patients to visiting friends or family in other communities. The lack of adequate airstrips greatly compounds the already formidable difficulties of living in remote communities. In addition the restriction on the size of aircraft that can land on the existing strips significantly adds to the cost of all goods brought in by air.

E. Summary/Comments

Canada has not yet carried out the undertakings which it assumed pursuant to the Federal letters of undertaking. Recent initiatives indicate, however, that this deficiency may soon be remedied.

5.2.6 Administration of Justice

A. Issue

The Crees charge that Canada has done little or nothing to implement the provisions of the Agreement in regard to the administration of justice.

B. Provisions of the Agreement

Section 18: Administration of Justice (Crees); and Section 20: Administration of Justice (Inuit) obligate Canada and Quebec to implement, in consultation with the native parties, various measures to adapt the criminal justice system to the circumstances, usages, customs and way of life of native parties.

Both sections provide for:

- a) consultation with the native parties on matters such as: legislative amendments, appointment of justices of the peace, decisions relating to places of detention, aftercare, and rehabilitation programs;
- b) access of native defendants to interpreters;
- c) employment of native people in the criminal justice system; and
- d) establishment of judicial advisory committees.

C. Position of the Native Parties

The Crees have indicated that they believe Canada has done little to implement its obligations respecting the administration of justice pursuant to Section 18 of the Agreement. The Inuit indicated that they understood Canada's obligations under Section 20 to be ones which they were obliged to fulfill on their own initiative without any further requests by the Inuit.

D. Review of Issue

Canada's responsibilities under these two sections fall under the administration of the Departments of Justice and the Solicitor General.

Section 18.0.37 provides for the establishment of a judicial advisory committee, composed of representatives of the Crees and Quebec. One function of this committee is to advise the Federal Department of Justice on legislative amendments which may be required to give effect to provisions of this Section. The Department of Justice has been awaiting the recommendations of this Committee on the required amendments to the Criminal Code.

The Inuit have not yet made a request or recommendations for the modifications of the Criminal Code to suit Inuit customs, or to allow for 6 jurors in the territory of Abitibi, Mistassini and Nouveau Québec.

E. Summary/Comments

Although, under the Agreement, Quebec is responsible for the administration of Justice, the Department of the Solicitor General believes that there are various areas where Federal participation is necessary or would be helpful. The Department is undertaking a general examination of existing programs and policies for natives in relation to its responsibilities in the area of criminal jurisdiction.

The Departments of Justice and the Solicitor General are ready to discuss with the native parties and Quebec the action required to fully implement Sections 18 and 20.

5.2.7 Port Burwell

A. Issue

The Inuit claim that the Inuit of Port Burwell were forced to leave their community as a result of Canada's failure to fulfill its obligations pursuant to the Agreement. They are seeking the re-establishment of the Port Burwell community or the negotiation of alternative arrangements.

B. Provisions of the Agreement

The community of Port Burwell, located at the northwestern tip of Ungava Bay, is part of the Northwest Territories. However, because of the traditional ties between this community and the Northern Quebec Inuit, it was decided to include Port Burwell within the general provisions of the Agreement. In addition, special provisions were made in the Agreement to deal with certain problems resulting from the special status of Port Burwell.

For purposes of the Agreement, an Inuit of Port Burwell is deemed to have been born or to be born in Quebec and if ordinarily resident in Port Burwell, is deemed to be ordinarily resident in Quebec. The provisions of Section 3 (Eligibility), Section 6 (Land Selection - Inuit of Quebec), Section 7 (Land Regime Applicable to the Inuit), Section 24 (Hunting, Fishing and Trapping), Section 25 (Compensation and Taxation), and Section 27 (Inuit Legal Entities) apply to the Inuit of Port Burwell.

Section 2.3 stipulates:

"Canada or the Government of the Northwest Territories, as the case may be, will continue to be responsible for providing programs and services to the Inuit who are ordinarily resident in Port Burwell in accordance with criteria that may be established from time to time."

Section 15, schedule 1(4) specifically provides that:

"Agencies of ... and Canada will immediately undertake to improve health and social services for persons residing in the communities of Apaluk (and) Port Burwell..."

C. Inuit Position

The Inuit contend that the Inuit of Port Burwell are unable to enjoy the benefits provided for them because they were evacuated to other Inuit communities along the mainland of Quebec. The Inuit argue that the major reason for the evacuation was Canada's failure to improve health and social services for Port Burwell. They contend that the availability of an emergency airlift service was illusory since the community could not be reached by air for lengthy periods due to weather and landing conditions. They also argue that the evacuation was against the wishes of the Inuit living in the community, and no provision was made by Quebec or Canada to

help offset the pressure for housing and social services in communities which received the Port Burwell residents.

The Inuit demand that Canada redress the damages suffered by the Inuit of Port Burwell because of their evacuation and "restore them the meaningful exercise of their rights under the Agreement."

D. Review of Issue

The Federal Government and the Inuit have different views of the cause and outcome of the evacuation of the Port Burwell community in February 1978, and the review has not turned up any new facts that will clarify this issue.

The Inuit contend that the reason that Port Burwell had to be evacuated was because the Department of National Health and Welfare had not provided adequate health services, giving the closing of the nursing station as an example. They also argue that the Government of the Northwest Territories (GNWT) pressured the Inuit of Port Burwell to leave.

On the other hand, Health and Welfare state that Port Burwell continued to have adequate health services, even though the nursing station was closed, since there were regular visits from medical staff and airlift service for emergency cases. The Government of the Northwest Territories (GNWT) are firm that they were only reacting to requests from the Inuit of Port Burwell who wanted to leave.

Since February of 1978 there have been a number of meetings concerning the situation at Port Burwell between representatives of DIAND, GNWT and the Inuit, during which each side presented options for solving the impasse. The Federal Government has been awaiting a response from the Inuit to a July 1978 letter from the then Minister of DIAND, J. Hugh Faulkner. The letter outlined a

number of options available for the Inuit of Port Burwell which the Government wished to discuss with the Inuit.

The options outlined were:

- 1) "That the Port Burwell people return to Port Burwell, N.W.T." The letter describes the services that would be provided by the GNWT and National Health and Welfare under this option.
- 2) "That the Port Burwell Inuit move to Bell Inlet, P.Q. from the communities in which they now live". This option would require the participation of Quebec.
- 3) "That the Port Burwell Inuit remain in the Quebec Communities in which they are now living". This option would allow for discussions between Makivik, Canada and Quebec concerning the benefits of the Port Burwell Inuit under the Agreement.

The Inuit, in a meeting in January 1981, indicated that the Port Burwell Inuit would still like to return to Port Burwell if an airstrip were built and the nursing station reopened. Imaqik Fisheries, owned by Makivik, is considering the possibility of using Port Burwell as a northern base for its fishing operations. At that meeting Federal officials indicated to the Inuit that a response to the options outlined in Mr. Faulkner's letter could form the basis of renewed discussions to resolve this issue. The Inuit are still in the process of preparing their response.

E. Comments/Summary

Whatever the true facts are concerning the final evacuation of Port Burwell, it is clear that the evacuation has prevented the Inuit of Port Burwell from fully enjoying the rights and benefits, and especially the land rights, they received pursuant to the Agreements. The government should stand ready to negotiate a resolution of this

problem when the representatives of the Inuit of Port Burwell indicate they are ready to do so.

5.2.8 Education

In their presentations to the Standing Committee, the Crees and Inuit made reference to problems regarding the education systems established pursuant to Sections 16(Cree) and Section 17(Inuit). Reference has already been made, in section 5.2.1(d.f.), to the very serious problems concerning the physical condition of Inuit school buildings. Discussions with the Inuit and Crees indicate, however, that recent developments, especially with regard to funding and program design, have, in their view, created serious problems regarding the operational side of the education system.

The history of minority ethnic and linguistic groups in Canada has proven time and time again that the key to cultural survival is participation in and influence over the education system. This essential truth is recognized in the James Bay Agreement. Sections 16 and 17 establish Cree and Inuit School Boards which, although they come under Quebec jurisdiction and are essentially similar to other Quebec school boards, are endowed with special powers and a special mandate to ensure that education programs are culturally relevant. The Agreement specifically provides for instruction to be carried out in Cree and Inuttitunt and endows the Boards with special powers regarding curriculum development and the establishment of programs based on Cree or Inuit culture and language.

The operational and capital budgets of the School Boards are funded jointly by Canada and Quebec with Canada paying 25% of the Inuit budget and 75% of the Cree. Despite this financial involvement, the Agreement limits Canada's involvement in the management and oversight of Cree and Inuit education. This responsibility rests primarily with Quebec.

On the basis of the overall review, it is clear that the success of the education system is critical to the successful implementation of almost all aspects of the Agreement. It is essential that all the parties to the Agreement cooperate to ensure that the legitimate educational goals of the native parties are achieved.

5.3 IMPLEMENTATION COSTS AND COORDINATION

5.3.1 Compensation Funds

A. Statement of Issue

The Crees and Inuit contend that they have been forced to use their compensation funds on programs, services, negotiations, legal fees and other matters which should have been funded by Canada and Quebec as part of the overall implementation of the Agreement. The native parties maintain that the compensation funds were not intended for this purpose and they are seeking reimbursement of the funds spent.

B. Provisions of the Agreement

Section 25 of the Agreement provides for the following compensation payments:

- a) \$150 million "basic compensation" consisting of:
 - \$75 million to be paid over 10 years beginning 1976, with Canada paying \$32.75 million and Quebec \$42.25 million
 - \$75 million to be paid by Quebec as Hydro-Québec royalties over a 21 year period ending in 1997.
- b) \$75 million "compensation for future development"
 - to be paid by Quebec in the form of provincial debentures over 5 years ending in 1980.

c) compensation in respect to non-status Cree beneficiaries and the Inuit of Port Burwell based on formulae set out in Sections 25.1.15 and 25.1.16 (approximately \$4 million)

- to be paid by Quebec and Canada in the same proportions as the first \$75 million.

d) \$3.5 million to cover negotiations costs

- to be paid by Quebec.

The total compensation is approximately \$232.5 million. Canada is responsible for paying \$34 million and Quebec \$198.5 million. The compensation funds are divided between the Crees and Inuit on the basis of their respective populations, approximately 60% Cree, 40% Inuit, with the Cree receiving approximately \$137.4 million and Inuit \$95.1 million. To date both native parties have received approximately 2/3 of the compensation payments payable to them. The compensation payments are exempt from taxation, but interest on earnings from the compensation funds is subject to tax laws of general application.

Sections 26 and 27 provide for the establishment of two legal entities, the Cree Board of Compensation and the Makivik Corporation, to receive and administer the compensation funds on behalf of the Crees and Inuit.

Section 26.0.4 of the Agreement specified that the Cree legal entity will be established for the following purposes:

- "a) The reception, administration and investment of the Compensation payable to the Crees, pursuant to the provisions of the Agreement;
- b) the relief of poverty, the welfare and the advancement of education of the Crees;

- c) the development, the civic and other improvement of the Cree communities within the Territory."

Section 27.0.4 provides the following purposes for the Inuit entity:

- "a) to receive the Compensation and to administer and invest the Compensation and the revenues therefrom;
- b) the relief of poverty, the welfare and the advancement of education of the Inuit;
- c) the development and the improvement of the Inuit communities."

Sections 26 and 27 also provide general restrictions, similar to those applying to trust companies, on the manner in which the compensation funds can be invested.

C. Position of the Native Parties:

The Crees and Inuit consider the compensation funds to be a "sacred trust" for use by "future generations". In their view the compensation funds were intended to compensate them for the surrender of the aboriginal rights of the present and all future generations of their people. They expressed a very strong feeling that the funds were intended to be used in such a way as to ensure the cultural and economic vitality of their people for many generations to come. The native parties object very strongly to being forced to use compensation fund capital or revenue to provide programs and services, which should rightfully, in their view, be supplied by governments.

The Inuit clearly expressed their views on this matter in their brief to the Standing Committee:

"In the absence of a clearly defined implementation process and of the designation of an adequately funded implementation body, native peoples have

been obliged to expend considerable portions of the monetary compensation received under the Agreement just to secure their entitlement to, much less the actual receipt of, the rights and benefits promised them under the Agreement."

The representatives of the Crees and Inuit felt that the compensation funds were being used against them in that the government now treated them as "rich Indians" who no longer required assistance or funding from the government. It was the clear understanding of the native negotiators that the payment of compensation funds would not affect the right of Cree and Inuit people to receive government programs and services on the same basis as other Indians and Inuit and/or citizens of Quebec and Canada.

The Crees claim that, to date, they have spent approximately \$24 million on the implementation of various sections of the Agreement, with approximately \$9 million spent on housing and infrastructure and \$15 million on other aspects of implementing the Agreement. The Inuit estimate that they have expended \$9.6 million on various areas of implementation which, they believe, should be funded by Quebec and Canada.

These expenditures have been funded, almost exclusively, from the revenue earned from the compensation funds and not the capital itself. The Crees report, however, that in recent months they have also used part of their capital funds.

The native parties argue that sub-sections b) and c) of Sections 26.0.4 and 27.0.4, which appear to give the native corporations a wide mandate, were included primarily to ensure the tax exempt status of the corporations and not to force them to replace the government as the principal funders of social and economic programs. They maintain that these sub-sections should not be viewed as an indication that the Crees and Inuit anticipated spending large

amounts of their compensation funds on programs and services usually provided by the governments.

The native parties are requesting that both Canada and Quebec reimburse them for the compensation funds they have expended. The purposes for which the Crees and Inuit have expended compensation funds fall into four main categories:

a) Pre-Agreement negotiation costs

The native parties have argued that Canada should forgive the loans made to them during the pre-Agreement negotiations.

b) Post-Agreement negotiation costs

The native parties claim that many of the provisions of the Agreement were left vague because of the pressure to sign the Agreement. They argue that it was understood during negotiations that several sections of the Agreement would require further intensive negotiation in order to implement the Agreement.

c) Implementation Costs

The Agreement provides for Cree and Inuit representation on a wide variety of bodies established to oversee implementation of various provisions of the Agreement. The native parties feel that Canada and Quebec should fund their participation in the implementation system. They claim that they have been required to expend large sums in order to effectively participate in the implementation process.

d) Program costs

The native parties claim that they have been forced to fund program costs, for purposes such as housing and infrastructure, which should have been assumed by Canada and/or Quebec.

D. Review of Issue

a) Pre-Agreement negotiation costs

Since the signing of the Agreement both native parties have urged Canada to forgive the negotiation loans made to them during the negotiation of the Agreement. Canada has refused to do so on the grounds that the conditions of these loans, including the condition that they would be repaid out of compensation funds, were clear at the time the loans were made and the native parties accepted them on that basis. Moreover, all funds provided to other native claimants since 1975 have also included this repayment feature. The repayment schedule for the loans has, however, been renegotiated and this was intended to compensate the native parties, in part, for the ongoing costs of post-Agreement implementation negotiations.

b) Post-Agreement negotiation costs

The Agreement makes no provision for funding Cree and Inuit participation in post-Agreement negotiations.

It is true, nevertheless, that both native parties have been required to participate in lengthy, detailed, and costly negotiations especially on matters such as the proposed Cree/Naskapi Act, the Northeastern Quebec Agreement negotiations, and land selection negotiations. These negotiations were a direct result of the Agreement, and failure of the native parties to participate in them would have made it impossible for them to realize many important rights and benefits.

c) Implementation costs

Some sections of the Agreement provide for government or shared government-native funding of the various boards, committees, corporations and

other agencies established to manage and oversee the implementation of specific provisions of the Agreement.

It would appear, in retrospect, that the general feeling during the negotiations was that the Agreement provided sufficient specific funding provisions to cover most of the reasonable costs of the Crees and Inuit. After six years of experience with the implementation system, it is now clear that all the parties to the Agreement underestimated the costs inherent in the natives' participation in the implementation process. (On the other hand the Crees maintain that they expected the governments to provide a much higher level of funding assistance than has been the case.) These costs stem, both from the actual expenses of attending the numerous meetings which are held, and from the expenses involved in properly preparing for meetings.

Many of the bodies established to implement the Agreement are involved in technical and complex matters such as environmental assessment and the management of the hunting, fishing, and trapping regimes. It is generally agreed that in order for the native parties to meaningfully participate in the management of such matters it is essential that they have access to expertise, such as legal and scientific advisors, required for them to make informed decisions. It is evident that acquiring such expertise has often been costly and has resulted in a significant financial outlay by the Crees and Inuit.

d) Program costs

This issue is dealt with in Sections 5.1 and 5.2 of this Report.

E. Summary/Conclusions

It is apparent that the complexity and cost of implementing the various programs, services, and entities established by the Agreement was underestimated by all the parties to the Agreement. This has resulted in the Crees and Inuit assuming a greater financial commitment and workload than was expected in 1975. The Inuit and Crees have had to expend significant sums of their compensation fund revenues to ensure that the rights & benefits they were given pursuant to the Agreement were realized and protected.

Because the complexity of the Agreement was not foreseen the inherent expenses were not accurately forecasted and consequently the Agreement does not make provisions for dealing with this issue. Therefore, the issue should be approached not from the perspective of interpreting the Agreement but rather as a matter of ensuring that the Agreement is effectively implemented.

From a policy perspective it appears clear that while the Agreement makes some provision for the native parties to assume certain implementation costs it was not envisioned that native expenditures in this area would constitute a significant proportion of compensation fund revenues as is now the case. It is doubtful that an Agreement, such as the James Bay Agreement, can be fully successful if the burden of financing implementation falls so heavily on the native parties.

5.3.2 Implementation Process

A. Issue

The native parties contend that Canada's overall management of the implementation process has been a major impediment to their achievement of the rights and benefits to which they are entitled under the Agreement.

B. Provisions of the Agreement:

The Agreement establishes no overall process for coordinating and overseeing the implementation of the Agreement although there are numerous committees and agencies charged with implementing specific provisions.

The Joint Economic and Community Development Committee (S.28.8) established for the Crees and the Interim Joint Committee established for the Inuit (S.29.0.33) have relatively broad mandates but still fall short of an overall coordination role.

C. Position of the Native Parties

a) Crees

The Crees maintain that Canada has failed to establish the type of implementation procedures and mechanisms necessary to ensure that Federal obligations are implemented in a timely and efficient manner. They have expressed particular concern regarding: the need to clearly define and identify implementation responsibilities; appointment of senior officials to oversee Federal implementation; assignment of responsibility to the Privy Council Office for coordinating Federal implementation, and establishment of mechanisms to provide the "special" Parliamentary appropriations to which they feel entitled.

The Crees request that special legislation be adopted by Parliament to establish a formal implementation structure and to appropriate the special funds required to implement the Agreement. In their view legislation is necessary to ensure the permanency of the implementation structure established. The Crees did not present specific details on the mandate or makeup of the implementation structure they would like to see legislated.

b) Inuit

The Inuit advocate the establishment of a formal Implementation Committee composed in equal numbers of members appointed by the native people and the governments involved. In their brief to the Standing Committee the Inuit set out the following principles for the conduct of the proposed committee:

- "a) the interpretation of the agreement in question in accordance with its spirit and intent;
- b) the recognition of the special social and economic needs and conditions prevailing in the territory contemplated by the Agreement; and
- c) the promotion of greater self-determination on a local and regional basis ..."

The Inuit believe that an Implementation Committee should have general responsibility for overseeing implementation and resolving disputes relating to implementation. While the Committee would normally be only advisory, the Inuit believe that in certain circumstances the Committee should have the power to make final binding decisions. The Committee as proposed would also be responsible for "... the coordination, review and finalization of all budgets for programs and bodies created or contemplated by an agreement, subject to the approval by Parliament of the necessary appropriations." In line with the Cree recommendations the Inuit propose that legislation be passed to provide for annual Parliamentary appropriations to fund all aspects of the Agreement.

It should be noted that the Crees do not support the idea of giving the Implementation Committee binding powers. They informed the review team that they prefer the option of keeping open access to the courts as a last method of conflict resolution.

D. Review of Issue

a) Implementation mechanisms

Canada's responsibilities regarding implementation arise at three distinct levels.

i) Internal Departmental coordination

The Federal departments with obligations under the Agreement have coordinated their responsibilities in various ways. The Department of the Environment established a special office to oversee Agreement implementation while other Departments appear to have relied on existing regional offices in Quebec. In most cases decisions on major policy issues have been referred to Ottawa headquarters' offices for decision.

In DIAND's Quebec Region, the coordination of matters relating to implementation of the Agreement is directed by the Associate Regional Director-General, who is a senior executive officer. Although the Associate Director-General does not have direct control over program officers, he works in close cooperation with the Regional Director-General and the Director of Operations, who are the senior line managers in the Region.

DIAND's implementation coordination appears to have functioned successfully in dealing with routine implementation matters. Problems have arisen in resolving difficult issues arising from the interpretation of the Agreement. It would appear that there has been insufficient capacity built into the system, especially at Headquarters' level, to effectively deal with such issues.

Responsibility for implementing program responsibilities of the Agreement rests with the Indian and Inuit Affairs Program of the Department. In the early stage of the implementation process, the Office of Native Claims (ONC) was involved in overseeing all of Canada's implementation responsibilities, including DIAND program matters. This function was, however, gradually assumed by the Indian Program.

One of the major problems in coordination at the Ottawa level has been a lack of clear focus for decision-making on Agreement issues. As a result of re-organizations and changes in key personnel, it has not been possible, until recently, to establish, on an ongoing basis, one Headquarters' unit or individual who has a clear responsibility for liaising with the native parties and the Region to ensure that matters requiring Ottawa's participation are adequately and effectively handled. This situation was further complicated by the difficulty in determining whether a particular issue has a "program" matter or a matter with "policy implications" of concern to the whole Department or the Government. Due to this confusion, some matters have been referred to the Assistant Deputy Minister of the Indian and Inuit Affairs Program, while other responsibilities have been handled through the office of the Assistant Deputy Minister, Corporate Policy. The Claims Policy Committee chaired by the Deputy Minister dealt with some implementation issues but did not establish a clear mechanism to deal with implementation problems on an ongoing basis.

In recent months clearer lines of authority have been established by the official designation of the ADM, Corporate Policy, as the senior Ottawa official responsible for coordinating all aspects of the Department's involvement in the implementation of the Agreement. It is anticipated that this action will help to improve the Department's capacity to deal with implementation issues.

ii) Federal Inter-Departmental coordination

As noted above, in the early stages of implementation, the Office of Native Claims, which is headed by an Executive Director reporting to the Deputy Minister of DIAND, was given an overall responsibility for overseeing Canada's implementation responsibilities. This role was a logical outcome of the role that ONC played as chief Federal negotiator and coordinator during negotiation of the Agreement.

As chief Federal negotiator, ONC established an informal inter-departmental Steering Committee, chaired by Canada's senior negotiator and consisting of representatives from each Department involved in the negotiations. After the Agreement was signed, this Committee continued to meet in order to oversee and coordinate Canada's initiatives regarding the Agreement.

In the early stages it appears that this arrangement worked well. However, problems began to arise because some departments appeared to feel that the activities of the Committee, and ONC's role in chairing it, unduly impinged on their areas of jurisdiction. This problem probably resulted from the fact that, although

it was assumed that DIAND would oversee Canada's implementation activities, this mandate was never clearly established, either administratively or legally and, therefore, DIAND had very little clout or even influence with regard to the activities of other departments.

Another problem which arose in the operations of the Steering Committee was the lack of participation by senior officials. Members of the Committee often had to refer back to their superiors before decisions could be reached.

The Steering Committee ceased functioning around the end of 1977, which coincided with the end of the transitional period specified in the Agreement. It was understood in the Department that, after that date, coordination responsibilities would shift to the Indian Affairs Program. However, no interdepartmental structure was established to replace the coordinating committee, although at the regional level informal contacts were maintained with the other departments.

The Interdepartmental Committee on Indian and Native Affairs, chaired by the Deputy Minister of DIAND and consisting of Deputy Ministers of departments dealing with Indians and native issues, dealt with some implementation issues but again no mechanism was established to handle such issues on an ongoing basis.

iii) Overall implementation coordination

The Agreement makes no provision for a forum to discuss the overall implementation of the Agreement. There are numerous committees and corporations which include

representatives of the Crees and Inuit, Quebec and Canada. These committees have limited mandates and, despite the fact that some have worked well, insufficient effort has been made by the parties to give these committees a chance to perform as had been hoped. In any case, their existing limited mandate makes them incapable of dealing with overall coordination or resolving issues on which there are basic policy differences.

During the negotiations, the Inuit suggested the formal establishment of an Implementation Committee, but this idea was not included in the Agreement. The reasons for not establishing an Implementation Committee are unclear, but two important factors probably were: a fear that the Committee might impinge on exclusive areas of Federal, Provincial or native jurisdiction, and a reluctance to overburden the Agreement by establishing one more formal structure.

The proposal contained in the Inuit brief to establish an Implementation Committee was first made to Canada and Quebec early in 1979, 18 months ago and, at that time, the Deputy Minister of Indian Affairs indicated that, in principle, DIAND agreed with this idea and was willing to discuss it with the Inuit and Quebec. Quebec did not accept the proposal and consequently no progress could be made in establishing the Committee. Quebec has, however, agreed to participate on ad hoc tripartite committees.

The existing committee which comes closest to having a comprehensive mandate is the Joint Committee on (Cree) Social and Economic Development established under Section

28.8. This Committee met fairly regularly during the first years of the Agreement but has been dormant in recent years. The main difficulty in operating the Joint Committee appears to have been an inability to devise mechanisms for resolving disputes over major issues of policy and interpretation. On many issues the Committee was deadlocked and therefore ineffective.

An overall forum or structure for implementing the Agreement, given the proper spirit, could play an effective role in defusing many serious issues before they lead to confrontation and legal actions. It is clearly within the spirit of the Agreement to attempt to solve outstanding issues on the same basis and in the same spirit that the Agreement was negotiated.

b) Annual Report

The obligation in the James Bay and Northern Quebec Native Claims Settlement Act for Canada to submit an Annual Report on the implementation of provisions of the Agreement has not been carried out effectively. For various reasons relating to the two recent Federal elections and internal changes in DIAND, only one Report has been tabled since 1978. The native parties have been very critical of Canada's failure to submit the required Reports and have also expressed serious reservations about the contents of the Report that was issued.

It is recognized that the Annual Report could serve a very useful purpose in making Parliament aware of the record of progress in implementing the Agreement. Involving the native parties in the preparation of the Report would also be worthwhile.

During work on this report the Crees and Inuit were informed that the tabling of the next Annual Report would be delayed so that it could accurately reflect the findings of the Review and the discussions held with the native parties. Both native parties considered this to be a prudent course of action. The detailed critiques of the 1980 Annual Report, which the Cree and Inuit submitted to the Standing Committee, will be considered in the preparation of the next Report.

c) Appropriations

The payment of compensation funds is approved each year by Parliament pursuant to the statutory authority contained in Section 9 of the James Bay and Northern Quebec Native Claims Settlement Act. There is no other statutory authority for the appropriation of funds required to fulfill Canada's obligations in the Agreement. Program and capital funds required for programs or services to the Cree are considered as part of general appropriations obtained by the various departments, and are subject to the same cutbacks or improvements applied to other general appropriations. This manner of dealing with appropriations is a result of the fact that the rights provided by the Agreement are difficult to quantify with any precision.

There is a possibility, however, of setting aside Agreement funding as a specific vote within the general appropriations. This would give recognition to the special nature of these expenditures, and would make it clearly evident how much was being expended by Canada to fulfill specific provisions of the Agreement. It remains to be determined if such a separate vote would be technically feasible within the current system of budgetary appropriations.

D. Summary/Comments

Lack of proper mechanisms, structures and attitudes regarding implementation has been a major impediment to the smooth and efficient implementation of the Agreement. The establishment of more effective systems for implementation can do a great deal to prevent the build up of the type of conflict and tensions which, in recent years, have consumed time and resources that could be used much more productively in achieving the aims and objectives of the Agreement. No mechanisms, however, will make the Agreement work well unless all parties contribute their best efforts.

5.4 Other Issues

There are other issues of particular concern to the Inuit, but which were beyond the terms of the review, and consequently are not discussed above.

a) Extinguishment of Title

The Inuit believe that it was not necessary to "extinguish" aboriginal title in order to achieve the aims of the James Bay Agreement. They claim that extinguishment is "abhorrent to native peoples and inherently unacceptable to them".

In discussing this issue with the Inuit, the review team, while recognizing its importance to them, suggested that it might be more appropriately and effectively dealt with within the context of the current discussions on the constitution and Canada's native peoples. The Inuit agreed with this point of view, and the review team undertook to make sure that this issue was brought to the attention of those responsible for the constitutional discussions.

b) Inuit Political Representation

The question of political representation, specifically the creation of a Federal Inuit constituency, was also discussed. It was agreed that the matter could be more effectively dealt with on the political or constitutional level.

c) Offshore Islands

The Inuit also expressed concern with the delay in resolving the issue of Inuit claims to the Offshore Islands. These islands, although located in the Northwest Territories, have been traditionally used by the Inuit of Northern Quebec and Canada agreed in 1975 to enter into negotiations with the Northern Quebec Inuit to settle their claims to these islands. For various reasons these negotiations have not yet been concluded.

The Inuit expressed particular concern with the position maintained by Canada that negotiations on this matter should be restricted to dealing with the islands themselves and not the offshore waters. They noted that these offshore waters are traditional Inuit hunting areas with regard to which the Inuit still, in their view, have unextinguished aboriginal rights.

The Inuit have now indicated that they are prepared to resume negotiations as soon as possible and DIAND is also prepared to do so. The Inuit have submitted a request for funding to carry on negotiations and this request is currently under consideration by the Department.

6. CONCLUSION/SUMMARY

On November 11, 1975, when the James Bay Agreement was signed, the Crees and Inuit, Canada and Quebec, had high expectations that the Agreement would enable the Inuit and Cree people of James Bay and Northern Quebec to advance and prosper as full participants in the social and economic life of Quebec and Canada while still preserving their traditional culture and lifestyles. Now, over six years after the signing, it is clear that many of these expectations have not been met.

Perhaps one of the most troubling aspects of this whole issue is the sense of frustration evidenced by ordinary Crees and Inuit in the communities. In 1975, these people firmly believed that the Agreement would result in a better, more secure, and prosperous future for them and their children. Despite the fact that significant progress has been made under the Agreement, change has come much more slowly than was anticipated.

There are a number of reasons for the difficulties that have arisen: the parties understood that the agreement needed to be fleshed out through day-to-day interaction; the natural expectations of all parties upon which the Agreement was built were dashed owing to changed economic circumstances; some expectations were based on the negotiating positions adopted by the parties rather than the final provisions of the Agreement; and the wording of the Agreement itself sometimes directly caused confusion.

The Report has noted possible new initiatives respecting programs, cooperative ventures, and implementation mechanisms. None of these initiatives will, however, go very far in dealing with the real problems of the Crees and Inuit, unless the parties to the Agreement jointly use their best efforts to make the Agreement work. A special effort is necessary because, while the Crees and Inuit have their rights as Indians and Inuit of Canada and Quebec, and rights as citizens of Canada and Quebec, the success of the Agreement is of fundamental importance to their future. It is therefore important that the parties to the Agreement, having regard to the difficulties and mistakes of the past and to the spirit and importance of the Agreement, and building on achievements already made, work together to breathe new life into the Agreement. It is in this hope that this Report has been prepared.

In conducting the review the review team found evidence of precisely that will on the part of the Crees, the Inuit, and the government representatives responsible for making the Agreement work. The review team believes that this Report will reinforce that will and thereby the spirit of the Agreement itself.

On the basis of the findings and conclusions of this Report, recommendations on measures to be taken to ensure that Canada's obligations under the Agreement are fully implemented now, and in the future, will be prepared for consideration by Cabinet.

EXPENDITURES OF THE GOVERNMENT
OF CANADA IN THE JAMES BAY AND
NORTHERN QUEBEC TERRITORY -
1975-76 -- 1980-81

PRELIMINARY NOTES

1. The expenditures listed in the following tables include all expenditures on programs, services, and benefits directed to the Cree and Inuit of James Bay and Northern Quebec. Some of the expenditures are a direct result of the Agreement while others reflect Canada's ongoing responsibilities and obligations.
2. The purpose of these tables is to illustrate the magnitude and objects of Federal Government expenditures in James Bay and Northern Quebec since the signing of the Agreement.
3. The total Federal expenditures include Canada's proportion of compensation funds paid to date. It should be noted that the Agreement places restrictions on the management and use of these funds.

TABLE 1

TOTAL EXPENDITURES: SUMMARY
1975/76 - 1980/81

<u>DEPARTMENT</u>	<u>AMOUNT</u>
1. Solicitor General	43 403
2. Justice	Not applicable
3. Employment and Immigration	5 270 020
4. Health and Welfare	9 146 845
5. Environment Canada	1 724 100
6. Transport Canada	454 000
7. Secretary of State	Not available
8. Regional Economic Expansion	Not applicable
9. Indian and Northern Affairs	<u>138 280 300</u>
TOTAL	154 918 668
Compensation funds paid by the Federal Government to March 31, 1981	<u>23 000 000</u>
GRAND TOTAL	<u><u>177 918 668</u></u>

TABLE 2
TOTAL EXPENDITURES - DETAILS

NO.	DEPARTMENT	PROJECT/ACTIVITY	OBSERVATIONS	FEDERAL EXPENSES
1.0	Solicitor General	"Community Service Orders Project for Inuit and Indian Communities North of the 50th Parallel"	Project financed 50% by Quebec and 50% by Canada	43 403 (to June 1982)
2.0	Justice	None to date		N.A.
3.0	Canada Employment and Immigration Commission	<p>Cree</p> <ul style="list-style-type: none"> - Manpower Service (Outreach) 525 667 - Job Creation (1978-81) 2 571 869 - Vocational Training (1978-81) 236 418 <p>Sub-Total 3 333 954</p> <p>Inuit</p> <ul style="list-style-type: none"> - Vocational Training (1978-81) 615 715 - In negotiation 40 900 - PFIMC 96 808 - Job Creation (1978-81) 1 182 643 - Manpower Services 260 885 <p>Sub-Total 2 196 951</p> <p>TOTAL 5 530 905</p>		

No.	DEPARTMENT	PROJECT/ACTIVITY	OBSERVATIONS	FEDERAL EXPENSES
4.0	Health and Welfare Canada	Health Services	Cumulative Annual Budgets (salaries, operation, capital) for the period to 31/3/81)	9 051 845
5.0	Environment Canada	JENQ Office	Cumulative Annual expenses (annex 2) from 1977/78 - 1980-81. The budget for 1981-82 is 448,100	1 055 700
		Remuneration and Representatives' fees	Federal participants to the two consultative committees from 1977/78 - 1981-82 (4 years): 50 000	50 000
		HUNTING AND FISHING		
		- Research on native harvesting	Canada spent 1/4 (\$200 000) of the total cost since 1976 and \$52,400 before the signature of the JENQA	252 400
		- Research on the elder of Ungava and the loon; and a special information program to natives	Financed by the Canadian Wildlife Service (Environment)	150 000

No.	DEPARTMENT	PROJECT/ACTIVITY	OBSERVATIONS	FEDERAL EXPENSES
5.0	(Cont'd)	- Research on the beluga of New-Quebec	Fisheries and Oceans 60 000 DIAND & Supply and Services 156 000 <u>216 000</u>	<u>216 000</u>
			TOTAL	1 724 100
6.0	Transport Canada	Expenditures of Transport Canada in Northern Quebec since the signing of the Agreement	From 1975/76 - 1980/81; purchase and transfer of heavy equipment and construction of landstrip	454 000
7.0	Secretary of State	- Friendship Centers - Political organizations (CONG) - Communications (Inuit)	Information not available	
8.0	Regional Economic Expansion	- No projects to date		
9.0	Indian and Northern Affairs	Capital and O & M	Cumulative expenses 1975/76 - 1980/81 (see Annex 4)	138 280 300
			TOTAL, 1975/76 - 1980/81	154 918 668

No.	DEPARTMENT	PROJECT/ACTIVITY	OBSERVATIONS	FEDERAL EXPENSES
10.0	Compensation Funds	Paid by Canada to date	(Re: Annex 5)	23 000 000

a) Total Federal programs and services
b) Total including compensation funds

154 918 668
177 918 668

TABLE 3

EXPENDITURES - HEALTH AND WELFARE CANADA

HEALTH SERVICES (Salary, Operation, Capital) by Community and by Year - SUMMARY

CREE	EASTMAIN	FORT GEORGES	MISTASSINI	PAINT HILL	RIPERT HOUSE	WAGANAPI	POSTE DE LA BALETTE
1975-76	923	59 019	202 012	108 365	175 365	-	266 820
1976-77	4 125	76 205	213 409	126 657	145 042	45 160	256 915
1977-78	595	7 661	192 043	145 765	185 282	50 710	102 018
1978-79	-	-	168 076	185 491	231 936	88 011	280 317
1979-80	-	-	272 008	2 065	732	62 776	311 369
1980-81	-	-	336 505	-	-	146 032	146 937
SUB-TOTAL	5 643	142 885	1 384 053	568 343	738 357	392 689	1 364 376

TOTAL: 4 596 346

(Data: Health and Welfare Canada, Regional Comptroller, Medical Services)

HEALTH SERVICES (Salary, Operation, Capital) by Community and by Year - SUMMARY

INUIT	AMILARIK	INILIOKING	POINENITUK	SIGLIK
1975-76		201 757	295 053	266 636
1976-77		188 380	228 496	209 608
1977-78		207 747	378 486	229 906
1978-79		232 752	451 435	307 194
1979-80		349 075		301 993
1980-81	31 112	196 189	264 799	207 881
SUB-TOTAL	- 31 112	1 375 900	1 618 269	1 523 218

TOTAL: 4 550 499

(Data - Health and Welfare Canada, Regional Comptroller, Medical Services)

Sub-Total Cree \$4 596 346
 Sub-Total Inuit 4 550 499
 GRAND TOTAL \$9 146 845

TABLE 4

EXPENDITURES - ENVIRONMENT CANADA

EXPENSES OF ENVIRONMENT CANADA PURSUANT TO THE
JAMES BAY AND NORTHERN QUEBEC AGREEMENT

1. Office of the James Bay and Northern Quebec: Annual
Expenditures

<u>FISCAL YEAR</u>	<u>OPERATIONS*</u>	<u>CONTRIBUTIONS**</u>	<u>TOTAL</u>
1977-78	98.2	--	98.2
1978-79	277.7	13.3	291.0
1979-80	305.6	17.8	323.2
1980-81	313.2	30.0	343.2
TOTAL	994.7	61.1	1 055.6

(Note: * Includes salary and capital expenditures. Note that the capital expenditures are practically nil since 1980 because the office completed the purchase of furniture and equipment in that year.

** Contributions to the Secretariat of the James Bay Advisory Committee on the Environment (which also functions as the Evaluation Committee) and the Kitivik Advisory Committee on the Environment.

2. Federal representatives on both advisory committees

<u>FISCAL YEAR</u>	<u>PAYMENT AND EXPENSES OF REPRESENTATIVES</u>
1977-78	5 000*
1978-79	15 000
1979-80	15 000
1980-81	15 000
TOTAL	50 000

(*The first year only one committee was in operation.)

3. Research Project on Natives' Harvesting - Hunting and Fishing

- Federal Contribution to the study has been one quarter of the entire cost	200 000	
- Contributions prior the signing of the Agreement	<u>52 400</u>	
- Federal contribution - Total	252 400	252 400
- Allotment of the contribution by the:		
1. Canadian Wildlife Services (Environment Canada)		
2. Fisheries and Oceans		

4. Study on the eider (Ungava) and the
loon, with an information program
to the natives

- Financed by the Canadian Wildlife Services	150 000	150 000
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5. Research on the beluga in New-Québec

- Financed by: Fisheries and Oceans	60 000	
DIAND and Supply and Services Canada	<u>156 000</u>	
TOTAL	216 000	216 000

TOTAL OF CONTRIBUTION BY/VIA ENVIRONMENT CANADA	<u>1 724 100</u>
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TABLE 5
EXPENDITURES - TRANSPORT CANADA
1974/75 - 1980/81

EXPENDITURES IN NEW-QUEBEC BY TRANSPORT RESULTING FROM THE
JAMES BAY AND NORTHERN QUEBEC AGREEMENT
1975/76 - 1980/81

FISCAL YEAR	LOCALITY	ACTIVITIES/PROJECT	EXPENSES
1975-76	General the construction of airstrips	Purchase of heavy equipment for	206 000
1976-77	General equipment from the Arctic Program (Belchers Island)	Transfer of heavy construction	200 000*
1977-78	Povungnituk equipment	Transport of heavy construction	5 400
1978-79	Ivujuvik equipment	Transport of heavy construction	33 000
1979-80	Ivujuvik	Construction of a new airstrip	10 000

TOTAL: 454 000

(Note: The costs of the O&M for the maintenance of the heavy construction equipment are excluded.)

*This amount represents the book value of the equipment

TABLE 6

EXPENDITURES - INDIAN AND NORTHERN AFFAIRS
1975/76 - 1980/81

- 6A. Summary - Indian and Northern Affairs, 1975/76 -1980/81
- 6B. CREE - Capital, 1975/76 - 1980/81
- 6C. INUIT, Capital, 1975/76 - 1980/81
- 6D. CREE, Operations and Maintenance, 1975/76 - 1980/81
- 6E. INUIT, Operations and Maintenance, 1975/76 - 1980/81
- 6F. CREE, Economic Development, 1975/76 - 1980/81

TABLE 6A
SUMMARY: EXPENDITURES OF INDIAN AND NORTHERN AFFAIRS FROM 1975/76 - 1980/81

ACTIVITY	INDIAN	CREE	INDUIT	TOTAL
Capital				
- Housing and Infrastructure		26 419 800	11 936 900	38 356 700
- Education		6 921 100	2 382 700	9 303 800
TOTAL		33 340 900	14 319 600	47 660 500
Operations and Maintenance				
- Municipal Services		2 969 200	22 829 600	25 798 800
- Core Funding		1 111 100	1 966 900	3 078 000
- Administration		1 089 700		1 089 700
- Social Services		2 267 500		2 267 500
- Education		30 980 000	13 864 000	44 844 000
- Economic Development		759 900	781 925	1 541 825
TOTAL		39 182 900	39 442 425	78 625 300
Estimate of OAM for 1975/76 - 1980/81*		12 000 000		12 000 000
TOTAL		51 182 900	38 660 500	90 625 300

* Except in the area of Economic Development, the Cree OAM expenditures noted above do not include the years 1975/76 and 1976/77. Until 1977/78 OAM expenditures in the Cree communities were included in the total Abitibi District budget. It is therefore not possible to determine the precise OAM expenditures during those years. The estimated OAM expenditure 1975/76 - 1976/77 is \$12,000,000.

CAPITAL:
O & M:
TOTAL

47 660 500
90 619 500
\$138 280 300

TABLE 6B

CAPITAL - CREE

YEAR	HOUSING	INFRASTRUCTURE	TOTAL	REGIONAL BUDGET	%	EDUCATION	REGIONAL BUDGET	%	REGIONAL POPULATION	CREE POPULATION	%
1975-76	811.4	1 413.2	2 224.6	10 038.3	22.16				33 150	6 460	19.49
1976-77	1 033.9	2 260.2	3 294.1	9 466.6	33.74	205.0	3 319.3	6.2	33 774	6 625	19.62
1977-78	1 052.0	1 270.4	2 322.4	13 294.6	17.47	449.3	2 544.4	17.66	34 750	6 870	19.77
1978-79	851.2	7 334.7(1)	8 185.9	17 815.5	45.95	1 373.1(3)	2 995.3	45.95	35 400	7 017	19.8
1979-80	1 354.0	5 786.0(2)	7 140.0	16 997.7	40.95	2 700.0	4 082.9	66.13	36 320	7 215	19.86
1980-81	716.9	2 535.9(5)	3 252.8	17 217.4	17.51	2 193.7	4 788.8	45.81	37 396	7 416	19.83(4)
TOTAL			\$26 419.8			\$6 921.1					

M.B.:	-	All the amounts are in thousand dollars.	CAPITAL HOUSING & INFRA.:	\$26 419 800
(1):	-	Including \$5,346,000 for the relocation of Fort George.	CAPITAL EDUCATION:	6 921 100
(2):	-	Beginning of Cree Housing Corporation. This amount also includes \$4 654 000 for the relocation of Fort George.	TOTAL	\$33,340,900
(3):	-	Since 1978/79 Canada pays 75% of Education costs.		
(4):	-	Estimates.		
(5):	-	This amount includes a remedial measures expenditure of \$238,000.		

TABLE 6C

CRIS - O & M

YEAR	MUNICIPAL SERVICES	CORE FUNDING	ADMINISTRATION	SOCIAL SERVICES (including social assistance, care to children and adults, contracts with S.S.C.)	EDUCATION	TOTAL O & M CRIES - PER YEAR
1977-78	414.4	245.9	289.1	442.4	5 626.1(3)	7 026.9
1978-79	300.1	258.7	302.2	570.9	7 805.4(4)	9 237.1
1979-80	835.7	297.2	237.0(2)	584.4	8 176.8(4)	10 131.1
1980-81	1 419.0(1)	300.3	261.4	669.9	9 371.9(5)	12 022.4
TOTAL	2 969.2	1 111.1	1 089.7	2 267.5	30 980.0	38 417.5(6)

N.B.: - All the amounts are in thousand dollars.

- (1): - This includes \$305,300 for 61 residents of Great Whale River in 1980/81 under the terms of Northern Rental Housing Program.
- (2): - The drop since 1979/80 is explained by several factors: the creation of the Cree School Board has reduced general administration costs, the creation of the Cree Housing Corporation to whom Canada transfers \$100,000 per year for administration, and the completion of the Fort George relocation project.
- (3): - In 1977/78, Canada paid 100% of the Cree education costs.
- (4): - Since 1978/79, Canada pays 75% of the costs. These amounts do not include our possible participation in covering the operations' deficit incurred by the Cree School Board.
- (5): - The Quebec's Department of Education has proposed a budget of \$15 600 000 for 1980/81. If this budget is approved Canada's contribution will be \$11 700 000 (75%).
- (6): - This amount does not include economic development.

TABLE 60

CAPITAL - INUIT

YEAR	HOUSING	INFRASTRUCTURE	TOTAL	REGIONAL BUDGET	%	EDUCATION	%	REGIONAL BUDGET	%	REGIONAL POPULATION	INUIT POPULATION	%
1975-76	1 152.2	976.6	2 128.8	10 038.3	21.2			33 150	4 136	12.48		
1976-77	844.0	1 005.8	1 849.8	9 466.6	19.54	163.9	4.94	3 319.3	4 194	12.42		
1977-78	1 540.0	1 135.3	2 675.3	13 294.6	20.12	195.7	7.69	2 544.4	4 575	13.17(2)		
1978-79	1 330.7	1 088.1	2 418.8	17 815.5	14.23	344.3(1)	11.49	2 995.3	4 717	13.3		
1979-80	2 018.1	846.1	2 864.2	16 997.7	16.85	632.3	15.49	4 082.9	4 832	13.3		
1980-81(3)	—	—	—	—	—	1 046.5	21.85	4 788.8	4 958	13.26		
TOTAL			11 936.9			2 382.7						

N.B.: - All the amounts are in thousand dollars

- (1): - Since 1976/79 Canada pays 25% of the costs.
 (2): - The percentage seems to raise at the time of beneficiaries' inscription
 (3): - In 1980/81 responsibility for housing and municipal services was transferred to Quebec pursuant to the Northern Quebec Transfer Agreement (February 13, 1981). Canada is obligated to pay Quebec \$8 million a year for 9 years or a total of \$72 million. In addition, \$30.2 million in capital assets were transferred to Quebec pursuant to the Agreement.

CAPITAL HOUSING & INFRA:	11,936,900
CAPITAL EDUCATION:	2,382,700
TOTAL	\$14,319,600
SUMMARY CREE AND INUIT	
CAPITAL - CREE:	33,340,900
CAPITAL - INUIT:	14,319,600
TOTAL	\$47,660,500

TABLE 6E
INIT - O & M

YEAR	MUNICIPAL SERVICES (including administration)(1)	CORE FUNDING	SOCIAL SERVICES(2)	EDUCATION	TOTAL O & M -
1975-76	3 759.6	338.9	—	1 684.3	5 782.8
1976-77	4 217.2	353.3	—	2 086.4	6 656.9
1977-78	4 190.5	429.1	—	2 274.3	6 893.3
1978-79	5 261.4	425.4	—	2 830.4(4)	8 517.2
1979-80	5 400.9	420.2	—	2 405.3(5)	8 226.4
1980-81(3)	—	— (7)	—	2 619.3(6)	2 619.3(8)
TOTAL	22 829.6	1 966.9	—	13 864.0	38 660.5

N.B.: - All the amounts are in thousand dollars.

O & M CREZ:	38 417 500
O & M INIT:	38 660 500
TOTAL	\$77 078 000(9)

- (1): - For the Inuit, the administration costs are included in the social services contracts which also include heating, electricity and housing maintenance (H.H.R.P.).
- (2): - Social services, including the social assistance, are financed and paid by Québec.
- (3): - Responsibility transferred to Québec pursuant to the Northern Quebec Transfer Agreement (February 13, 1981).
- (4): - As of 1978/79 Canada pays 25% of education costs.
- (5): - Expenditures for 1979/80 and 1978/79 do not include our possible participation to the deficit incurred by the Kativik School Board.
- (6): - The Québec's Department of Education is ready to approve a budget of about \$12 180 000. Canada's share would then be \$3 045 000 (25%).
- (7): - This program ceased in 1980/81, with the establishment of northern villages municipalities which are financed by the Québec's Department of Municipal Affairs
- (8): - Estimates.
- (9): - This amount does not include the economic development.

TABLE 6F
ECONOMIC DEVELOPMENT
EXPENSES INCURRED - CREES

ACTIVITY	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
WILDLIFE (trapping)						
Creo Trappers Association						
- Communications				75.0		
- Feasibility Study			20.0			
- Miscellaneous - Meetings			9.0	1.0		40.0
- Administration - Operation						
OUTFITTING						
Camps	30.0	30.6	29.0			
Instructors, cooks, guides	6.4	4.8		16.0	8.7	7.2
Counsel						
Capital - Outfitting	9.9	45.0				
ARTS AND CRAFTS						
Contribution - Construction -						
Equipment					50.5	53.2
Functions			1.5	5.0		
Study (C. Lavesque)				1.5		
Course (Val d'Or)						
TOTAL	46.3	80.4	59.5	22.5	135.2	100.4
CUMULATIVE TOTAL:						\$444 300

TABLE 6P (Continued)

EXPENSES INCURRED - CREES

ACTIVITY	1975-76	1976-77	1977-78	1978-79	1979-80	1980-81
Canadian Executive Services (C.E.S.O.)						
- Volunteers on projects	(3) 12.2	(3) 12.6	(6) 18.1	(8) 24.5	(12) 35.5	(16) 56.3
- Students	(4) 14.8	(6) 20.0	(6) 21.1	(8) 28.6	(16) 43.7	(16) 28.2
TOTAL	(7) 27.0	(9) 32.6	(12) 39.2	(16) 53.1	(28) 79.2	(32) 84.5
CUMULATIVE TOTAL:					\$315 600	

* Numbers in bracket indicate the number of volunteers and students.

For the past three years, the funds expended by the Crees represent about 1/3 of the region's budget on C.E.S.O. activity.

SUMMARY - CREES:

Associations:	\$444 300
C.E.S.O.:	315 600
TOTAL	\$759 900

TABLE GF (Continued)
ECONOMIC DEVELOPMENT

EXPENSES PAID FOR THE UNIT	
FISCAL YEAR	EXPENSES
1975-76	107 510
1976-77	353 617
1977-78	30 520
1978-79	44 577
1979-80	104 268
1980-81	141 925
	<u>\$781,925</u>

(Note: Most of these expenses are contributions to enterprises (tourist camps). For 1980-81, the amount also includes a contribution to a feasibility study and a capital expenditures totalling \$92,500).

SUMMARY	
Economic Development - Cree:	759 900
Economic Development - Inuits	781 925
TOTAL	<u>\$1 541 825</u>

TABLE 7
EXPENDITURES - COMPENSATION FUNDS
COMPENSATION FUNDS: SUMMARY
(in Million)

PORTION	AMOUNT	PROPORTIONS	PERIOD	SOURCE
A	\$150M	\$75M	10 Years	Canada: \$32,75M
			21 Years	Québec: \$42,25M Hydro-Québec's royalties
B	\$ 75M		5 Years	Québec's debentures
C	\$ 4M		10 Years	Canada)) same proportion as in A Québec)
D	\$ 2.5M			Québec: Cost of negotiations
TOTAL:	\$232.5M -	Allotment:	Canada: 15%	\$ 34M
			Québec: 85%	\$198.5M
		Allotted:	Cree: 60%	
			Inuit: 50%	

(Note: Two-thirds of the Compensation Funds here have been paid to date (\$155M) by both governments of this amount Canada paid 15% (23M)).