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Chair

The Honourable Judy A. Sgro

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• (1100)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I now call to order meeting 145 of the Standing Committee on Transport, Infrastructure, and Communities.

Pursuant to Standing Order 108(2), we are doing a study and getting an update on the delivery of infrastructure to indigenous communities.

We have some new members joining us today. Welcome to all of you.

On our witness panel, from Indigenous Services Canada, we have Claudia Ferland, director general of the regional infrastructure delivery branch, regional operations sector; Chad Westmacott, senior director of the strategic water management team directorate; and Nelson Barbosa, director of the capacity, infrastructure and accountability division.

Welcome and thank you very much for coming and giving us some information this morning.

I'll turn it over to Ms. Ferland.

[Translation]

Ms. Claudia Ferland (Director General, Regional Infrastructure Branch, Regional Operations Sector, Department of Indigenous Services Canada): Thank you, Madam Chair.

Thank you, Madam Chair and honourable members of the committee, for the invitation to discuss the status of infrastructure projects for indigenous communities, including projects financed through the Gas Tax Fund, and the one-time top up announced in budget 2019.

Before we begin, I'd like to acknowledge that we're meeting today on traditional Algonquin territory.

I'd like to take this opportunity to introduce my colleagues from Indigenous Services Canada. I'm joined by Nelson Barbosa, who's in charge of strategic health infrastructure, and Chad Westmacott, who's in charge of water and housing infrastructure.

Since 2014, the Government of Canada has committed to making unprecedented investments in support of indigenous community infrastructure. Approximately \$8 billion in committed and proposed funding through Indigenous Services Canada will support indigenous community infrastructure until 2026-27.

Investing in infrastructure is about investing in people and communities. Infrastructure investments help ensure that people have quality housing, safe drinking water, better schools and health centres, as well as spaces and facilities that bring people together as a community.

Since 2016, approximately \$3.43 billion has been invested by Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs Canada to support 3,979 infrastructure projects on reserves. A total of 2,425 infrastructure projects have been completed. These include 1,267 new homes built and another 2,720 homes renovated to help improve first nation access to safe and secure spaces to live. These constructions and renovations are in addition to the number of homes built and renovated through investments made by the Canada Mortgage and Housing Corporation.

Moreover, 15 new schools have been built and 33 existing schools have been renovated, providing children with better access to local education. Renovation or modernization work is also in progress at many schools.

Clean, safe water is now available in more communities. Between November 2015 and May 9, 2019, 85 long-term drinking water advisories were lifted. We're also on track to meet our commitment to lift all remaining long-term drinking water advisories on public systems on reserves by March 2021.

Of the 207 health-related infrastructure projects, 178 have been completed. These projects are essential to providing effective, sustainable and culturally appropriate health programs and services to first nations communities.

Of the 1,380 other essential infrastructure projects, 942 have been completed. These projects include cultural and recreational facilities on reserves; energy, sustainability and connectivity infrastructure; roads and bridges, structural mitigation measures to reduce the impact of natural disasters and improve fire protection; and solid waste management.

[English]

Almost all first nation communities across Canada have received targeted funds from Indigenous Services Canada or Crown-Indigenous Relations and Northern Affairs Canada for at least one infrastructure project since April 2016, including capacity development projects.

In terms of the gas tax fund, since 2005 it has provided communities, including first nation communities across Canada, with a permanent, predictable and indexed source of long-term infrastructure funding. Under the gas tax fund, managed by Infrastructure Canada, over \$2.2 billion is provided to provinces, territories and municipal associations, which flow this funding to municipalities to support local infrastructure priorities. Budget 2019 included a commitment from the Government of Canada for a one-time \$2.2-billion top-up to the federal gas tax fund.

Since 2007, the first nation portion of the gas tax fund is managed by Indigenous Services Canada through the first nation infrastructure fund, which allows for one delivery mechanism and promotes greater financial impact to address first nation infrastructure needs. Providing Indigenous Services Canada with direct access to the gas tax funds under statutory authority was determined to be a simpler, more transparent and accountable way to flow and track the funds. The portion of the gas tax fund dedicated to first nation infrastructure is based on first nation on-reserve population data. The funding is allocated to first nation communities on reserve for priority infrastructure projects such as access to connectivity-related projects, roads and bridges, green energy and other essential infrastructure.

• (1105)

Projects are identified for potential funding using the first nations infrastructure investment plans, which are submitted annually by first nations and are screened for eligibility and prioritized according to a national priority ranking framework.

Between fiscal years 2014-15 and 2018-19, Indigenous Services Canada allocated \$138.8 million of the gas tax fund toward approximately 255 on-reserve infrastructure improvement projects in first nation communities.

In addition, through a one-time top-up from budget 2019, an additional \$29.4 million in fiscal year 2018-19 was allocated by Indigenous Services Canada in support of seven infrastructure projects in British Columbia, Manitoba, Quebec and the Atlantic region. Through its agreement with provinces and territories, Infrastructure Canada also provides annual gas tax funding to other indigenous communities, such as those designated under the respective provincial and territorial agreements. These communities will also benefit from the top-up announced in 2019.

In terms of transparency and results, a robust reporting process has been implemented allowing both Indigenous Services Canada and Crown-Indigenous Relations and Northern Affairs Canada to provide regular updates on the overall portfolio of infrastructure projects in first nation communities. This includes an infrastructure investment interactive map, which has been available on the Indigenous Services Canada website since June 2018 and is updated quarterly.

It is also important to know that in recognition of the nation-to-nation relationship, first nation communities are ultimately responsible for delivering infrastructure projects in their communities.

These investments are helping to meet infrastructure needs of first nation communities and will lay the foundation of a long-term investment strategy with first nation community infrastructure to build healthy, safe and prosperous communities.

Thank you for inviting us to speak with you today.

[*Translation*]

We would be pleased to answer your questions.

[*English*]

The Chair: Thank you very much, Ms. Ferland.

We will go to Mr. Doherty for six minutes.

Mr. Todd Doherty (Cariboo—Prince George, CPC): Thank you, Madam Chair.

Ms. Ferland, in your statement you said that 3,979 infrastructure projects on reserve have been supported through funding of \$3.43 billion. A total of 2,425 infrastructure projects have been completed.

Where is this information listed?

Ms. Claudia Ferland: Madam Chair, the information is listed on the website. As I said, we have a very detailed infrastructure map on the Indigenous Services Canada website.

Mr. Todd Doherty: Does it break down the 1,267 new homes built, the 2,720 homes renovated, the 15 schools and what have you?

Ms. Claudia Ferland: On the interactive map, we have broken it down by all asset categories by all first nations. One could do a search by whichever criterion one pleased. If you wanted to know how many homes, all the information—

Mr. Todd Doherty: Is this information that you might be able to provide to the committee in a more concise document?

Ms. Claudia Ferland: Absolutely.

Mr. Todd Doherty: Could you table it by the end of the day Thursday?

Ms. Claudia Ferland: Absolutely.

Mr. Todd Doherty: Thank you.

Ms. Ferland, I have listened intently to your report, but there's conflicting information in the document that you have. Indigenous communities receive funds directly through INAC and Indigenous Services, but do they also receive gas tax funds from Infrastructure Canada?

Are there two streams of gas tax funds going to first nations?

Ms. Claudia Ferland: Thank you for your question.

Indigenous Services Canada provides the money to first nations on reserve, and through Infrastructure Canada they can provide to indigenous communities that are not on reserve, who may have other agreements—Inuit and Métis.

•(1110)

Mr. Todd Doherty: Okay.

Is it per capita, based on population data, or is it based on priority projects that the first nation provides?

Ms. Claudia Ferland: The amount of money we receive is based on the on-reserve per capita first nations populations.

I'm not sure I'm answering your question.

Mr. Todd Doherty: The funding that flows to first nations, then, is per capita.

Ms. Claudia Ferland: The money that Indigenous Services Canada receives is per capita based, yes.

Mr. Todd Doherty: Do indigenous communities have to apply through INAC or through Infrastructure Canada?

Ms. Claudia Ferland: First nations on reserve apply through the region to Indigenous Services Canada.

Mr. Todd Doherty: Okay.

What accountability measures by your department are taking place, in terms of the spending of these dollars?

Ms. Claudia Ferland: With regard to first nations, we have very close working relationships through our regional offices. When a first nation applies for a project or does project work, it does a plan at the local level—

Mr. Todd Doherty: Is there a reporting structure?

Ms. Claudia Ferland: They do a band council resolution. It comes to the regional level, and then there is a reporting capability by the first nation and the region, but we do not ask first nations to report on their own money.

Mr. Todd Doherty: Do they not have to report at the end of a project or give a schedule of completion date? For any of that funding that's flowing to first nations, do they not have to report back how that money was spent, or if it was spent in the project that they had asked for?

Ms. Claudia Ferland: It depends on the scope and scale of the projects. The majority of the larger scope projects will do a project plan. We will work with them. We follow milestones. But it is their project, so they will manage their projects.

Mr. Todd Doherty: All right.

In your statement you said, "Projects are identified for potential funding using the first nations infrastructure investment plans, which are submitted annually by first nations and are screened for eligibility and prioritized according to a national priority ranking framework."

Can you table this national priority ranking framework with the committee?

Ms. Claudia Ferland: I will verify. I don't know if I can provide it by Thursday.

Mr. Todd Doherty: At a later date even, if that's possible.

Ms. Claudia Ferland: I will look into it, yes.

Mr. Todd Doherty: Thank you.

Between fiscal years 2014-15 and 2018-19, Indigenous Services Canada allocated \$138.7 million of the gas tax fund towards 255 on-reserve infrastructure improvement projects. Are you able to table that information as well as to where those dollars were spent?

Ms. Claudia Ferland: Yes, we can.

Mr. Todd Doherty: Thank you.

The reason I ask these questions, Ms. Ferland, is that time and again.... As a matter of fact, I was just meeting with a first nation from British Columbia which is saying that these dollars are not flowing to their communities. It's interesting to hear that it is flowing to first nations when time and again we have first nations that are coming to us asking, "Where is the funding? We don't know how to access this money."

If we're saying that the money is flowing, yet we have first nations that are saying they're not able to access that, there seems to be a bit of a discrepancy there. I speak from a British Columbia experience.

Are there any suggestions you might have? Why do you think that might be the case?

Ms. Claudia Ferland: Thank you for that comment.

We have been working with Infrastructure Canada. There are a number of programs that first nation communities can access either through Infrastructure, through us, and through ISED or the former Industry Canada, so we're working really closely with the other government departments to find a single window to be able to better communicate and aggregate this information.

Mr. Todd Doherty: Okay.

The Chair: I'm sorry, but the time is up.

We will move to Mr. Hardie.

Mr. Ken Hardie (Fleetwood—Port Kells, Lib.): Thank you, Madam Chair.

Thank you to our witnesses for being here.

Like my colleague from Prince George, I fly back and forth across the country and although we cover more of the southerly portion of the country, it's still remarkable how sparsely populated it is. It could only be even more technically challenging to meet expectations with the small, very distant, very isolated communities across the north.

As impressive as your numbers sound on what you've actually delivered, is this just a drop in the bucket in terms of the needs for things specifically like housing, education or medical care? Do you actually have a grasp of the total scope of the need?

•(1115)

Ms. Claudia Ferland: I'll invite my friend and colleague Chad Westmacott to take this question.

Mr. Chad Westmacott (Senior Director, Strategic Water Management Team Directorate, Department of Indigenous Services Canada): Madam Chair, the member is absolutely right that there are a lot of first nation communities. There are over 630 first nation communities. The numbers that we provide are impressive. We feel like we've done a lot of work to address the infrastructure needs on water, housing, education, etc., but I think it is clear that there are more needs out there. We have the national priority ranking framework that allows us to prioritize projects because the demand for projects is greater than the available funding that we have.

That being said, we do take the opportunity to direct the funding to the highest priority projects, often based on issues around health and safety.

Mr. Ken Hardie: To what degree do you rely on co-operation or collaboration with the provinces to deliver some of your programming?

Mr. Chad Westmacott: It varies. We do work with provinces and territories, but our first point of contact is the first nations and the first nation communities we work with.

In some cases the first nations themselves have really good relationships with the provinces and territories in terms of the infrastructure projects that are available and going forward. For example, in Alberta there is a program through the province to provide water through regional water networks to first nations, so we will be working with the first nation. The relationship itself is with the first nation and the province and we work with the first nation in that relationship.

Mr. Ken Hardie: Quite often with infrastructure projects there's cost sharing with a certain percentage federal, a certain percentage provincial and a certain percentage local. Do you have that, or do you follow that same structure with your infrastructure programs?

Mr. Nelson Barbosa (Director, Capacity, Infrastructure and Accountability Division, Department of Indigenous Services Canada): Thank you for the question.

I would say that from a health perspective, certainly there are arrangements with provinces in relation to the services being delivered. As Mr. Westmacott indicated, our paramount relationship is with the indigenous community for provision of services and programs.

In the case where there might be secondary or tertiary care provided by the province, the first nations and Inuit health branch will partner with the respective province to determine the nature of care, the nature of funding and the nature of the relationship with the indigenous communities for the provision of those services.

Mr. Ken Hardie: We're talking here about infrastructure, which is usually some sort of capital program to build something. That was the nature of the cost-sharing agreements that we had, for instance, on a rapid transit line in metro Vancouver, where I come from. It's, give or take, 40% feds, 30% provincial and the rest local. Is that the same kind of funding structure you have for the capital projects through this program?

Mr. Nelson Barbosa: Again, with respect to health capital or health infrastructure, there isn't a set quota of provision of resources

from other orders of government, whether they be provincial or local. From the health perspective, and the facility built over the provision of those services, it's really about the nature of the service being provided and who is best placed to provide those services locally.

Mr. Ken Hardie: Given the small populations in many of these communities, is the allocation of money according to population, a sort of population-based allocation, appropriate? Is there a better scheme that you would be looking at to ensure that communities that have either been neglected or left behind can be brought up to a certain standard, one that a lot of us expect in the southern part of the country? There must be some interest in accelerating this beyond simply allocating by population.

Ms. Claudia Ferland: Thank you for your question.

If I may, it's only the gas tax money, the roughly \$29.4 million that we get on an annual basis, that's allocated based on indigenous people on reserve by population. What we do, given the pot of money is around \$29 million yearly, is pool it with three other sources of funds. We make a larger pot of money so that we can make a difference with the first nation communities. We pool it with the building Canada fund, the other community infrastructure fund and the structural mitigation fund, which basically gave us about \$87 million for the last fiscal year. That allows us to make a much greater impact. Overall, we have received about \$8 billion to make infrastructure investments up to 2027.

The Chair: Thank you very much.

Mr. Aubin.

• (1120)

[*Translation*]

Mr. Robert Aubin (Trois-Rivières, NDP): Thank you, Madam Chair.

I want to thank the witnesses for joining us and for helping us better understand this issue.

I've learned to be wary of inflated numbers. In your presentation, you spoke of \$8 billion by 2026-27. By then, three governments will have been formed, if we include the current government. Will there be an equal distribution of spending by 2027, or will there be crumbs at the beginning and more substantial amounts at the end of the program?

Ms. Claudia Ferland: Thank you for the question.

We received funding in the 2016, 2017 and 2018 budgets and, more recently, in the 2019 budget.

Mr. Robert Aubin: How much funding?

Ms. Claudia Ferland: I'll just check my figures, so that I can give you the right ones.

In the 2016 budget, we received \$4.28 billion; in 2017, \$4 billion over 10 years; in 2018, \$172.6 million; and in 2019, \$1 billion. This amounts to about \$8 billion, which will be administered by the department.

Mr. Robert Aubin: Okay.

Ms. Claudia Ferland: Of the \$4.28 billion that we received in 2016, \$3 billion has been spent. Our projects are up to date. We probably have—

Mr. Robert Aubin: That's fine. I'm interrupting you because I really don't have much time. I can already see the progress, and it makes things clear to me.

Can you give us an idea of the sub-envelopes included in the billions of dollars? How much money goes to housing, drinking water and broader infrastructure projects that affect an entire community, for example?

Ms. Claudia Ferland: Yes, absolutely.

For example, from the infrastructure budget, we received \$1.83 billion over five years for water; \$416 million over two years for residences; \$76.9 million over two years for culture; and \$319.9 million over five years for health.

In the 2017 budget, of the \$4 billion, we received \$41.3 million over three years for water—

Mr. Robert Aubin: Thank you. I suppose that you can send us these figures so that we can check them and I can move on.

I now want to focus on housing. I believe that it's one of the basic needs, along with drinking water. I understand that you're spending the money that you receive through the budget. However, do you know the total scope of the housing needs in indigenous communities in Canada?

Ms. Claudia Ferland: I'd like to invite my colleague Chad Westmacott to answer the question.

Mr. Chad Westmacott: Thank you.

[*English*]

We do have a sense of the total scope of needs that are out there. For water, for example, there was a study done that pointed out a total need of about \$3.6 billion. This was before the funding that came out in budgets 2016, 2017 and 2018, and that is proposed under budget 2019. We have a sense that there is still over a billion dollars of need on the water side.

On the housing side, there was a study done by Clatworthy in 2016 that pointed out an estimated need of 85,000 housing units. That includes 41,000 new builds and 44,000 units needing major repairs.

This gap could reach to \$17 billion in 2027-28 under status quo programming.

[*Translation*]

Mr. Robert Aubin: Thank you.

I imagine that this study is also available on the department's website, or that you could send it to our clerk.

I'd like you to confirm the following. When it comes to housing construction, I imagine that the process involves calls for tenders and that business is conducted with a contractor who builds houses in each community.

Are houses built on site in accordance with the geographic and climatic realities of each location, or are model houses purchased

and distributed throughout the communities, which could result in houses that aren't entirely adapted to the environment where they end up?

Ms. Claudia Ferland: I'd like to invite my colleague Chad Westmacott to answer the question.

[*English*]

Mr. Chad Westmacott: In terms of the housing side, it really depends on the first nation that is making the housing decision. We provide funding on an annual basis and through targeted funding to first nations for their housing needs. It is the first nations who make the decisions themselves in terms of the housing needs that are there. There is a variety of different housing used, the whole spectrum of housing from apartments to single family units. It is up to the first nation as to exactly how they want to do it.

We see examples of modular houses being sent to first nation communities, and we see others in which the construction is actually done within the first nation community, so it varies across the country.

● (1125)

[*Translation*]

Mr. Robert Aubin: Thank you.

Is it true that, as part of the indigenous homes innovation initiative, indigenous communities compete with each other through projects that they must submit, rather than simply receive a share of the funding that would help them meet the needs that they've identified?

[*English*]

Mr. Chad Westmacott: The \$30 million for the indigenous homes innovation initiative is separate from the funding that my colleague was talking about, the \$416.6 million, or the \$600 million in budget 2017 and confirmed in 2018.

The innovation initiative is a competitive process, but the idea is to create innovation, bring forward new ideas, develop new ideas, and provide funding to first nations and indigenous people who have these interesting ideas that may take us to a different place in terms of a longer-term strategy for housing.

As I said, this is above and beyond the traditional funding that we've been providing through budget 2016 and onwards to first nations for their housing needs.

[*Translation*]

Mr. Robert Aubin: I understand—

[*English*]

The Chair: Thank you very much. I'm sorry, Mr. Aubin, but your time is up.

We go now to Mr. Sikand.

Mr. Gagan Sikand (Mississauga—Streetsville, Lib.): Thank you, Madam Chair.

Personally, I really like the gas tax fund. I think it's very effective. In terms of government timelines, it's pretty immediate.

A couple of my colleagues were talking about the calculation based on population. Do you think that's equitable? The share they get is based on their population. I can appreciate your saying that it's combined with other funding, but I would imagine their need is also greater. My question is whether the share they get is equitable relative to their needs.

Ms. Claudia Ferland: Thank you for the question.

The gas tax fund is a stable source of funding that we know has been coming in since 2005. It's indexed. It allows us to pool it and to go to projects that are in the priority hopper. We know it's there. It's statutory.

The fact that, as I said, it was indexed allows us to do those projections in terms of how we bring it with the other funds so that we can make an impact in eight categories of infrastructure.

Mr. Gagan Sikand: Again, I can certainly appreciate we only have so much funding for all of the needs for the entire country.

That was the only question I had, so I'm going to give the rest of my time to my colleague Karen.

Ms. Karen Ludwig (New Brunswick Southwest, Lib.): Thank you for your testimony this morning and your responses to the questions.

I represent a riding in New Brunswick, New Brunswick Southwest. We have the Kingsclear First Nation. They're very proud people. They are often looking for ways to be innovative in their community.

I have a series of questions. Ms. Ferland, when you're hearing about the projects and those that are priorities, are those that don't make the initial cut still envisioned? Is there long-term coordination, possibly, to meeting those needs? In looking at the priorities that are set within first nations communities, is there a level of expertise that could be built upon within the communities, within the population, to help meet some of the needs with longer term funding?

Thank you.

Ms. Claudia Ferland: Thank you for your questions.

With regard to the prioritization framework, we work, really, to keep the projects on the list. We really want to work with first nations. It is their priorities, their ranking as well. It comes aggregated so that we are able to provide some of the funding.

With regard to the riding that you represent, more recently there's going to be a significant project with Kingsclear First Nation as well. In that project specifically, we've been talking, through the region headquarters, with the first nation. We want to make projects that are relevant.

To your second point on capacity development, actually, of all the roughly 4,000 projects that have been delivered over the past few years, almost 1,000 are in capacity or training development. The idea right now is that we want to not only build the infrastructure but build it with first nations, develop capacity in the first nation so that they're able to maintain their infrastructure, and also maybe get jobs out of it.

I don't know if that answers your question.

• (1130)

Ms. Karen Ludwig: It does. If you think about needs like child care, you realize certainly that accessible, available quality child care requires training. Ultimately, within the community, if the level of expertise is there, that's probably a really good fit.

I want to say I'm very impressed that you would know specifically about Kingsclear and the project that's coming up. It's a really important one.

In terms of broadband, where are we on infrastructure and broadband across first nations in Canada?

Ms. Claudia Ferland: Thank you for your question.

With regard to the broadband, we loop it into our other essential community infrastructure, realizing that broadband is part of infrastructure now and moving forward. As of March 31, 2019, close to \$760 million of targeted funds had been invested to support almost 1,300 infrastructure projects related to other communities.

We've been working with the CRTC to ensure that we build towards the 50 megabytes download and 10 upload to fix the broadband Internet services. We're working collaboratively with ISED and the CRTC to move forward, to move on the envelope. We're connected into the national connectivity strategy, which is being brought forward as part of budget 2019, to make sure that communities across the country have access to rural broadband, which I understand has been announced as \$1.7 billion over 30 years for access across the country.

We have done some work with some first nation communities to access connectivity as well, such as in Manitoba.

Ms. Karen Ludwig: Do I have more time?

The Chair: You have 20 seconds.

Ms. Karen Ludwig: Okay, thank you.

The Chair: Mr. Badawey.

Mr. Vance Badawey (Niagara Centre, Lib.): Thank you, Madam Chair.

I'm going to concentrate a bit on what Mr. Doherty was alluding to and where Karen was going, which is sustainability.

Looking through the lens of economic, social and environmental responsibility and attaching investments to those areas, I think was already alluded to with respect to health and safety, but in terms of being very strategic, there's also working with versus handing out.

Are you actually working with our indigenous communities to establish a strategic plan that would attach itself to recognizing, first of all, their capital, the life cycle of their capital, and then ultimate replacement of their capital? With that said, there's putting proper asset management plans in place, including the financing of those asset management plans, that would fiscally impact on their operational as well as their capital investments. It's operational in terms of financing the debt that would occur over time and then, of course, for capital the obvious is the investments that will be made according to that strategic plan.

Are you actually working with them to establish this so their investments become more sustainable, and with that, the returns on those investments lend themselves ultimately to the strategic plan that they—not we—establish?

My last question is with respect to the funding itself. Is that funding actually sustainable through future funding envelopes that then enable them to accrue over time and satisfy the ultimate objectives that are identified within the strategic plan?

Ms. Claudia Ferland: I'm going to ask my colleague Chad Westmacott to take that question.

Mr. Chad Westmacott: Thank you very much for the question.

There are just a few points to raise on this one.

First of all, we do work very closely with first nation communities in terms of their plans. As was previously mentioned, the first nations infrastructure investment plan that is developed on an annual basis lays out the five-year needs in every single first nation community. Our regional offices work very closely with every single first nation community to have a sense of what's in there, what's going forward, and then the funding that can be allocated to that based on the national priority ranking framework and the priorities of the first nation community.

Moving forward though as well, we do take a look at what is the longer term in moving into more asset management types of frameworks.

We recognize that asset management is still a work in progress in first nation communities and in non-indigenous communities across the country.

There is a program, a \$15 million over five years program, that we support and that is being used to increase the capacity of first nation communities to do asset management and asset management planning. That funding goes out until 2022-23. It is a process that comes in. There's a call for proposals out right now. When that comes in, it will be chosen this summer. This is the second year of their program. It can cover off a number of different things, including awareness planning and actually implementing the asset management plan in there. That allows us to get a sense of working with the first nation community and giving the tools to the first nation community and expertise to the first nation community for them to do their longer-term asset management as well.

• (1135)

Mr. Vance Badawey: I'll just jump in there for a second.

Before that happens, are you actually working with them to account for their capital? In Ontario we have the Public Sector Accounting Board that identifies that capital, identifies the life cycle of that capital as well as a replacement. Within a certain amount of time, there are certain reserves that have to be put in place to satisfy the maintenance repair of the life cycle and obviously over time is then financed ahead of time or at least accruing that financing of the replacement of that asset or assets.

Mr. Chad Westmacott: At this moment, I would say that we are working with the first nation communities and there is a good sense of what are the assets out there. That does vary across first nation communities as it does vary across communities across Canada in

terms of their knowledge of the infrastructure that they have. With the first nations infrastructure investment plan, that does give a sense of what the priorities are of the first nation community and the assets that are out there.

There is at this stage of the game some first nations that do build up a reserve, as you've made reference to, but it does vary among first nation communities and the funding that they have available to them whether through the funding that we provide or also own-source revenue that they have.

Mr. Vance Badawey: Wonderful.

With respect to my latter question, will these funding envelopes be sustainable over time? The gas tax is a sustainable funding envelope based on per capita, but are there other funding envelopes that will actually be available for indigenous communities so that they can plan, so that they can have this residual plan in place? Equally as important is that the strategic plan will be actually financed over a certain period of time. That enables them to fund per project per year annually, or debenture a project and then have that sustainable funding envelope actually pay for that or finance that debt over time within their annual budgets.

Mr. Chad Westmacott: A variety of funding mechanisms are available to first nation communities. The gas tax fund is one you also mentioned. We're also working on the new fiscal relationship, which is a 10-year grant. At this stage of the game, I believe that around 83 first nation communities have opted in to use the 10-year grant. That sets a longer-term, sustainable and predictable funding stream for those first nation communities.

The Chair: Mr. Liepert.

Mr. Ron Liepert (Calgary Signal Hill, CPC): Thank you, Madam Chair.

I just need to ask a couple of questions for clarity, and then I'm going to let my colleague finish his earlier line of questioning.

Is it laid out in legislation somewhere that this is the funding model? I look back at municipalities. The gas tax, if I'm correct, automatically flows to municipalities. They don't have to apply for it. It's based on per capita that goes to municipalities.

Why is there not a similar process with first nations? Is it in legislation, or is it something that your department feels is more appropriate?

Ms. Claudia Ferland: Thank you for the question.

The determination made early on, I understand—and I can verify that it was circa 2005—would be that the money would flow into the department as per other infrastructure monies that were coming in, which would allow us, with 600 first nations across the country, to provide the funding to the first nation communities based on an in aggregate model.

Mr. Ron Liepert: If I understand that answer, it's a process that has been adopted, unlike the municipal funding that automatically flows. If a community does not apply for a specific project, or does not get approved for a specific project by the department, then those gas tax funds do not flow to that first nations community. Is that correct?

Ms. Claudia Ferland: With regard to the overall infrastructure dollars, the first nation communities will make their funding plans every year, and say, “This is where we need assistance; this is where...”

• (1140)

Mr. Ron Liepert: Let's assume they don't.

Ms. Claudia Ferland: A capital facilities and maintenance program has been established to oversee the infrastructure program associated with on-reserve infrastructure projects. This enables the first nations to work with the regions. We work very closely with the regions. We have infrastructure managers in every single region who visit with the first nations communities in order to get a sense of—

Mr. Ron Liepert: I understand all of that, but I'm just trying to get a sense of how this flows. A municipality can actually bank its dollars. They don't necessarily have to spend every dollar they receive on a semi-annual basis for the gas tax flowing through. If I'm correct on this, and tell me if I'm wrong, first nations communities cannot do that, because that's not the way the system is set up. The system is set up so that they have to apply, and then your department determines whether that application is accepted or not.

Am I missing something here, or is that incorrect?

Ms. Claudia Ferland: That is correct.

Mr. Ron Liepert: Do you know if that's based in legislation or not?

Ms. Claudia Ferland: It's not based in legislation.

Mr. Ron Liepert: That was a determination, I think, to use your words.

I'm going to turn it over to my colleague.

Mr. Todd Doherty: I'm going back to the conversation we had. Our colleagues, Mr. Sikand and Mr. Badawey, summed it up very accurately.

I'm going to give you an example. Perhaps you're familiar with Semiahmoo First Nation. They have a population of 98. They have no natural resource development. They have no source of development because of where they're situated. Regarding our colleague Mr. Sikand's comment, is it equitable that the funding be based on a population of 98, or should it be based on the economic opportunity that this infrastructure could potentially bring to the community?

To that point, as Mr. Badawey mentioned—this is where I was going, and he said it far more eloquently than I did; unfortunately, that will be a good video clip for him—ultimately, when you are providing funding for assets or infrastructure, at some point there's a cost to that first nation to manage that facility or infrastructure, whether that capacity is there or not to manage the project along the way.

That infrastructure could all of a sudden be seen not as an asset, but as something that will fall into disrepair. Again, going back to whether it is equitable, population versus opportunity.... I don't think I got the department's exact program that could provide the resources to ensure that whatever investment is being done on the first nations, there is sufficient support to help build the capacity to manage that asset as you move forward.

Ms. Claudia Ferland: Thank you for the question. I will take the first part and my colleague may have something to add.

When we provide infrastructure funding to first nations, we tackle it through three lenses: minor capital, major capital and operations and maintenance funds.

Operations and maintenance funds are allocated based on the day-to-day cost of the life cycle of the infrastructure, routine operations and maintenance, which are carried out through the first nation—

Mr. Todd Doherty: I'll stop you for one second and go to Mr. Liepert's question.

There's no consistent funding. We've already established that there's no consistent funding. On an annual basis, they have to apply continually to get that funding.

The Chair: I will have to ask for a short answer, or maybe we could come back to you.

Ms. Claudia Ferland: With regard to targeted funding versus the operations and maintenance funding, there are two flows. The operations and maintenance funding is provided for the operations and maintenance of their assets. The targeted infrastructure funding, which we received through budget 2016 and other sources is application-based through the department.

Mr. Todd Doherty: Are you saying they don't have to apply for operations and maintenance funding?

The Chair: I'm sorry, we will get back to you, though.

Mr. Hardie is next, and then we'll go back to you.

Mr. Ken Hardie: Well, let's continue on with Mr. Doherty's question.

As I understand it, if you look at something like the gas tax fund, it isn't allocated a little bit to each community. You pool it. They then apply to get projects done from the funding available in that allocation. Is that more or less the way it works?

• (1145)

Ms. Claudia Ferland: That is correct.

Mr. Ken Hardie: Okay.

With respect to state of good repair and operations and maintenance, that comes out of a different pool of money.

Ms. Claudia Ferland: That is correct.

Mr. Ken Hardie: Explain briefly the choreography in making sure that if you build something new, the supporting funding for state of good repair, etc., will be there as the companion piece, so the facility remains useful.

Mr. Nelson Barbosa: Thank you for the question.

You're absolutely correct. There are, grosso modo, two different funding streams, one to build and renovate facilities and one to maintain facilities. In the construction and development of the new facilities—some were mentioned here today—there's an understanding of what the life cycle of that facility requires. There may be periods of seasonality or construction required over the life cycle of that facility. Funding flows to indigenous communities on an annual basis, in order to provide ongoing operations and management. That funding isn't application-based. It's consistent.

Mr. Ken Hardie: What about, though, the planning and squirrelling away the money to replace that facility once it has gone past its useful life?

Mr. Nelson Barbosa: The funding provided, at least from a health context for operations and management, is to maintain the facility. The replacement of the facility or an expansion of the facility is the second track that Ms. Ferland was talking about. It's a different set of funds, looking at what our priorities are and how we can sustain new infrastructure.

There is a difference between the maintenance of a facility and either the construction of new facilities or renovation of those facilities.

Mr. Ken Hardie: I want to talk a little about capacity development, because certainly in the interests of reconciliation, and so on, we want the first nations communities, to the greatest extent possible, to manage their own affairs just as any municipality would do.

Given the dynamics there, we would also want, for instance, to improve the capacity of the community through apprenticeships, skills training, and so on.

There's the management piece, which is one set of capacity-building that needs to be done, but then there are also the ripple effects of the actual activity of building and operating something in the community. Are both of those covered off through your initiatives?

Ms. Claudia Ferland: I will invite my colleague Chad Westmacott to talk about the circuit rider training program.

Mr. Chad Westmacott: That is one example of capacity funding that the department provides to first nation communities, because we completely agree that there is that need for capacity development in first nation communities.

The circuit rider training program is one that we're quite proud of. It's an opt-in program that touches just under 600 first nation communities. It's an organization of professional trainers. They go around to every first nation community. They have their circuit that they go to, and they work with the operator of the water treatment facility and the waste-water treatment facility within the first nation communities and provide hands-on training within the first nation community.

It has been heralded by first nations, provinces and territories and others as a shining example of good capacity development in the first nation communities.

The Chair: Thank you very much, Mr. Hardie.

We're going over to Mr. Doherty.

Mr. Todd Doherty: This question is for Ms. Ferland or whoever wants to answer. I think this is where my colleague Mr. Hardie was going.

Is there an expectation put on at one point that the first nation is going to be self-sufficient and that those operational dollars are not going to be needed because we've built the capacity to manage and operate those facilities?

Is there a time frame placed on this so that the first nation becomes self-sufficient and does not require those dollars to manage that facility?

Ms. Claudia Ferland: As mentioned previously by one of my colleagues, we're actually working very closely right now with the Assembly of First Nations and a number of third party service delivery—

Mr. Todd Doherty: That's not my question.

Right now, is there responsibility? Is there an expectation by the department that at some point the individual first nation will become self-sufficient and not require those funds?

• (1150)

Ms. Claudia Ferland: Do you want to take it?

Mr. Chad Westmacott: Taking a look at any other municipality or province and territory—

Mr. Todd Doherty: The responsibility is on them, as well, though.

Mr. Chad Westmacott: However, it is through taxation, through their citizens who live in that area.

First nations are in a different situation and I think there are a variety of measures going forward with Indigenous Services Canada and our counterparts in INAC, working with first nations to chart a path forward.

Mr. Todd Doherty: I want to summarize what we've heard to this point.

There's no expectation from the department and no follow-through on how the money has been spent, thus the financial responsibility, and there's no expectation or responsibility on the first nation to become self-sufficient moving forward. Is that correct?

There's no onus by the department on that facility or that infrastructure, or that band or that first nation in terms of becoming self-sufficient and not requiring those dollars.

Ms. Claudia Ferland: In the spirit of reconciliation and the work, nation to nation, we're seeing that first nations actually want to take responsibility.

Mr. Todd Doherty: Yes, 100%, but I'm not asking about the first nations. I'm asking, on behalf of the department, is there an onus from the department? Does the department require that the band have checks and balances and at one point can prove that they are self-sufficient and will not require that funding? Is there a horizon in terms of the funding for a specific project or a specific piece of infrastructure?

Ms. Claudia Ferland: With regard to the operations and maintenance funding and the other projects, there are checks and balances. We do work with first nations communities—

Mr. Todd Doherty: Again, Ms. Ferland, I'm asking.... Perhaps I'm not being clear enough. Does the department, when entering these agreements with first nations, set out the guidelines? Is there a guideline or a time frame, a horizon or window where the first nation cannot apply for more operational funding for that project? Is it the expectation that they have built the capacity over two, three, five, 10 years so they now have the capacity and the wherewithal to manage the project and the facility themselves?

Mr. Chad Westmacott: Thank you for the question.

If I understand correctly, let's be clear. There's a difference between the capacity to run the facility and to deliver the infrastructure, to manage a project, to actually—

Mr. Todd Doherty: Managing the operations and a project and the capacity, building that up, is all part and parcel of this.

Mr. Chad Westmacott: Right. We are working with the first nations to build up those capacities to be able to do so—

Mr. Todd Doherty: But is there a responsibility placed on them by the department?

Mr. Chad Westmacott: There are responsibilities. They are the owners and they are the operators of that infrastructure, and they are responsible to make sure that infrastructure works appropriately. We support them—

Mr. Todd Doherty: Are they ever denied funding?

Mr. Chad Westmacott: As we've already mentioned, the demand exceeds the available funding, so yes, there are first nations that do not have access to funding given the priorities.

The Chair: Make it a short question, Mr. Martel.

[Translation]

Mr. Richard Martel (Chicoutimi—Le Fjord, CPC): Okay.

Good morning.

I know that the government is committed to investing a great deal of money in infrastructure. Of that amount, how much money has your department contributed to date? Is it possible to know this?

Ms. Claudia Ferland: Thank you for the question.

To date, \$2.72 billion has been invested in the construction of 3,797 projects.

Mr. Richard Martel: Thank you.

[English]

The Chair: Thank you, Mr. Martel.

We'll go to Mr. Aubin.

[Translation]

Mr. Robert Aubin: Thank you, Madam Chair.

I'd like to talk briefly about the troubling situation in the Cat Lake community. Do you know the extent of the mould-infested houses issue and the costs involved in addressing it? Is there a crisis plan specifically for this community? If so, what's the time frame?

[English]

Mr. Chad Westmacott: Thank you very much for the question.

I don't have that data available, but I can get it for you.

The Chair: Ms. Ludwig, you have a question, and Mr. Badawey, if it's short.

Ms. Karen Ludwig: Thank you.

Ms. Ferland, we look at the north and we base it on science. We see that it's warming at three times the global rate. When you're looking at the priorities for first nations and working with the different first nations communities, do you have a long-term plan for

the remote communities in the north that may have issues with access when the roads are no longer frozen?

•(1155)

Ms. Claudia Ferland: Thank you for the question.

When we do an infrastructure project—I'll use Manitoba as an example—we take into consideration the construction season. We actually do take into consideration the winter roads and access. We're currently working on a project very closely with four first nations. It's called the Manitoba schools initiative. We're building four schools in northern Manitoba. The access to bring up the materials can only be done in the winter. There's no airport. There's nothing. When we build the project, the entire project plan with the first nation is actually taking into consideration the northern road, the ice roads, the availability of resources, and also when people can go to school to take training. With the Manitoba schools initiative, over the period of, I think, January to March, almost 1,100 trucks brought all the materials. Now that we're ready, we started the build on April 1 with the first nation.

The Chair: Mr. Badawey.

Mr. Vance Badawey: Thank you, Madam Chair.

I want to go to the sustainable funding subject that Mr. Doherty and a few others were embarking on.

Obviously, territories and reserves are very limited in where their revenue can come from. Taxation, water and waste-water rates that a municipality would otherwise accrue over time, they don't have that ability to accrue because they don't tax, or there's no water and waste-water rates, I'm assuming. Therefore, being limited, are there opportunities to ensure that the investments that we make as government actually give them returns, especially economic returns? I think this was where Mr. Doherty was going with respect to accountability and sustainability. New assessment, mining rights, pipelines, and so on and so forth.... Are these investments going to lend themselves to those projects so that they eventually become more economically and socially self-sustainable, as well as with regard to lifestyle?

He punted it back to you, Claudia.

Ms. Claudia Ferland: The situation is interesting. We do work with first nations on a regular basis.

I'll use Alberta as an example. As we're working with some of the oil-producing first nations or some first nations that want to do tourism industry work, some first nations that want to export and import broadband want to become involved in the connectivity field.

Mr. Vance Badawey: Let me jump in.

With that said, is there also opportunity to create more jurisdictional clusters, not just including reserves but also including the outside groups that they can partner with? It could be a municipality, it could be the province, but jurisdictionally, let's face it: It's one province, one country. Is there an opportunity for those partnerships as well?

Ms. Claudia Ferland: In working with the Assembly of First Nations but also other indigenous organizations such as the Assembly of Manitoba Chiefs or the Chiefs of Ontario, we try to find what the synergies and opportunities are. Respecting the nation-to-nation relationship, however, there may be opportunities to work with tribal councils; there may be national indigenous organizations. Some of our first nations work very closely with the municipality they are located in as well.

There are a number of bundling experiences, then. It's not a "one size fits all". It really is what the need of the community is. What do they want to achieve and how can we work to develop a community capacity development plan that is reflective of their needs from a nation-to-nation perspective?

Mr. Vance Badawey: The expectation, then, would be that all of those investments would lend themselves to returns that would in fact make them more self-sustainable.

Mr. Chad Westmacott: Let me just add something.

One thing is that the basic infrastructure in any community allows opportunities for economic growth going forward. If you don't have clean water in a community, it is pretty hard to have other economic activities occur. The basic infrastructure being provided through the gas tax funding and other funding that we have can support other economic opportunities within the community.

Mr. Vance Badawey: You're welcome, Ken.

Mr. Ken Hardie: I want to go back to the beginning, again chiming off one of Mr. Doherty's questions.

Okay, they have a big project. They are going to build a school and they are building the capacity in the community to manage this project. What obligations do they have back to you to ensure that the money was used wisely and the project was delivered as intended?

• (1200)

Ms. Claudia Ferland: Thank you for your question. I'll start on the schools, and maybe Mr. Barbosa will add something.

With the size of these projects, we work with the first nations. There is reporting on how they are spending the monies. There is reporting as well on meeting their certifications. All of these projects are meeting the official building code certifications to make sure that they are compliant with the province in which they are built. There is, then, accounting on the money side and there is accounting as well with the way the building is built and the way it's going to be maintained. They report back to their band councils as well, through which there is an accountability to the chiefs and councils.

Do you want to add anything?

Mr. Nelson Barbosa: I would just say that absolutely there is, first and foremost, accountability to first nation citizens, which Claudia just alluded to. There are two separate ways of ensuring that reporting requirements are upheld. One is through annual financial cycles and annual reporting vis-à-vis the funding that has flown. Then there is also reporting back, as I am sure you are aware, on the

elements of a project as it's being developed—feasibility, design, getting class A estimates, construction and closure, making sure that the facility, whatever it may be, is up to par in terms of national standards.

I would say there is a dual reporting there, a financial reporting and then a project-based reporting.

The Chair: We'll go to Mr. Doherty for a short question, please.

Mr. Todd Doherty: There are an estimated 300 communities off grid. Most of those are first nations communities. They rely on diesel generation.

What has the department undertaken to try to get these communities off their dependency on diesel? Has there been a study done on the economic impact of the carbon tax on those communities?

Ms. Claudia Ferland: Thank you.

With regard to first nations south of 60, which is the only portion that I can speak to, there are actually 58 communities that rely on diesel fuel to generate the majority of their electricity. Of these 58 communities, 40 receive direct funding from Indigenous Services Canada to finance the construction operations of their diesel generating, and 13 have agreements with the provincial utility boards.

Of the 40 communities, two have recently undertaken projects to eliminate dependence on diesel—Wuikinuxv and Pikangikum. In addition to Pikangikum, the Wataynikaneyap project will enable the grid connection of 15 other diesel-dependent first nations communities. These projects should be completed over the next few years.

With regard to the 16 remaining communities from there, we're working on a solution that takes into consideration their location, their geographic need, and the power needs are worked on those.

With regard to carbon pricing, we're working collectively with first nations and through a joint council with first nations on the transition to lower-carbon options, and with other experts from different departments in government, such as, Natural Resources, Environment Canada, and the Clean Growth Hub in order to see what the options are for first nations on reserve that are diesel-dependent.

The Chair: Mr. Martel, are you finished?

All right, everybody has finished their questions.

Thank you very much to the witnesses. You can see that the committee had a lot of questions and you provided some great answers, so thank you all very much.

We will suspend and then come back in camera to do some committee business.

[Proceedings continue in camera]

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