

Standing Senate Committee on National Finance (NFFN)

November 29, 2023

Briefings on Supplementary Estimates (B) for the fiscal year ending March 31, 2024

Question One: Restoule settlement and the Public Accounts

Transcript of Question:

Senator Marshall: I'll start with Crown-Indigenous Relations and Northern Affairs Canada. Welcome to all of our witnesses.

Ms. Bess, the largest item in Supplementary Estimates (B) is the \$5 billion for the Restoule settlement agreement. When I add up all of the amounts of the claims, I was trying to match it up with what's in the Public Accounts. The Public Accounts say that, last year, there was \$26 billion related to Indigenous claims.

Would that \$5 billion be part of that?

Ms. Bess: Thanks for the question, senator. I'm trying to remember if we had accrued that in that amount. I might have to get back to you on that.

Senator Marshall: Could you tell us or send in information as to what exactly is in that \$26 billion? It's possible it's not just your department; Indigenous Services Canada could also have some claims in that. I'm happy that both of you are here tonight. Between the two of you, could you let us know what's in the \$26 billion so we can match it up? It's a bit confusing when the cash is in one year and the accruals are the other year.

Are you expecting to pay out the \$5 billion this year?

Ms. Bess: That's right.

Senator Marshall: But if it's not paid out, will we see it again next year in the estimates?

Ms. Bess: We would have to carry forward the funding for the following year if the settlement is not reached.

But I will pass it over to my colleague Martin Reiher to provide more information on the agreement.

Senator Marshall: Thank you. Tell us about how it will lapse and whether it will show up again. My recollection is that it could show up again.

Martin Reiher, Assistant Deputy Minister, Resolution and Individual Affairs Sector, Crown-Indigenous Relations and Northern Affairs Canada: We anticipate that we will be successful in reaching the settlement agreement. It has been ratified by the communities, so hopefully, with the vote of this money, we'll be able to make the payment.

That being said, if it were delayed, it would indeed reappear.

Senator Marshall: Is it paid out in a lump sum, or is it paid out to an independent party to administer?

Mr. Reiher: It is paid out in a lump sum to a trust fund.

Senator Marshall: And then the trust fund will administer?

Mr. Reiher: For the First Nations.

...

Ms. Bess: It is. To go back to your previous question regarding Restoule, it was already booked as a contingent liability and hit the fiscal framework. Now, this funding is just for the actual payment.

Senator Marshall: Right. So the \$5 billion for the Restoule settlement agreement — is it part of that \$26 billion?

Ms. Bess: That's right.

Senator Marshall: Okay, so you'll give me a breakdown, and I'll see the \$5 billion there?

Ms. Bess: Yes.

Response:

Of the [\\$26 billion](#) for Indigenous claims recorded in the Public Accounts, \$22.7 billion relates to Crown–Indigenous Relations and Northern Affairs Canada (CIRNAC). Below you will find a table providing details of these expenses by the main categories highlighted in the Public Accounts. Due to the sensitive nature of the ongoing negotiations and litigation of these claims, we are unable to provide a further breakdown at the claim level.

Indigenous Claim Expenses - CIRNAC	2022/2023
Litigation Claim Expenses	9.1 B
Specific Claim Expenses	10.7 B
Comprehensive Land Claims	2.2 B
Special Claims	0.7 B
Total Indigenous Claim Expenses	22.7 B

Source: [PBO Request on \\$26B breakdown](#)

Réponse:

Sur les 26 milliards de dollars pour les revendications autochtones enregistrés dans les Comptes publics, 22,7 milliards de dollars concernent Relations Couronne-Autochtones et Affaires du Nord Canada (RCAANC). Vous trouverez ci-joint un rapport fournissant des détails sur ces dépenses enregistrées selon les principales catégories mises en évidence dans les Comptes publics. En raison de la nature délicate des négociations et des litiges en cours sur ces revendications, nous ne sommes pas en mesure de fournir une ventilation plus détaillée au niveau des réclamations.

Dépenses liées aux demandes de règlement des Autochtones - RCAANC	2022/2023
Frais de réclamation en cas de litige	9,1 B
Dépenses liées à une demande de règlement particulier	10,7 B
Dépenses liées à la revendication territoriale globale	2,2 B
Dépenses relatives aux demandes spéciales	0,7 B
Total des dépenses liées aux demandes de règlement des Autochtones - RCAANC	22,7 B

Source: [Demande du DPB sur la répartition de 26 milliards de dollars](#)

Question Two: Seeking a breakdown of the increase to contingent losses

Transcript of Question:

Senator Marshall: Okay.

Going back to the Public Accounts, the provision for contingent losses went from \$53 billion last year to \$75 billion. Would some of that be related to either CIRNAC or Indigenous Services Canada? Ms. Bess, you seem to know what I'm asking; you're looking for something there. Are you able to give me some information on that? It's quite a significant amount of money — \$20 billion.

Ms. Bess: It is. To go back to your previous question regarding Restoule, it was already booked as a contingent liability and hit the fiscal framework. Now, this funding is just for the actual payment.

Senator Marshall: Right. So the \$5 billion for the Restoule settlement agreement — is it part of that \$26 billion?

Ms. Bess: That's right.

Senator Marshall: Okay, so you'll give me a breakdown, and I'll see the \$5 billion there?

Ms. Bess: Yes.

But to answer your question, the bulk of the contingent liabilities for the Government of Canada is mostly CIRNAC and partly ISC. I think we've accounted for a large portion of the increase in the contingent liabilities for this past fiscal year.

Senator Marshall: Is it possible to get some sort of breakdown of that increase of \$20 billion? I understand that the \$20 billion flows into the deficit.

Ms. Bess: That's right.

Senator Marshall: When you look at the Public Accounts, every other number has a table where you can look at the breakdown, but for the contingent losses, there's no breakdown.

Ms. Bess: That's right. You would be happy to know the Parliamentary Budget Officer is also looking at that and has made the same request.

Senator Marshall: Okay. It could stem from our meeting the other day. That's good. Thank you.

Response:

CIRNAC's contingent liability balance increased by \$17.9 billion from \$30.6 billion in 2021-22 to \$48.5 billion in 2022-23 (Source: [CIRNAC Financial Statements for the year ended March 31, 2023](#)).

CIRNAC represents 64% of the Government of Canada's \$76 billion in contingent liabilities reported in the 2023 Public Accounts of Canada. Due to the sensitive nature of the ongoing negotiations and litigation of these claims, we are unable to provide a further breakdown than the information provided in the public accounts note disclosure for the Government of Canada (see below).

Claims	2022-2023	2021-2022
Pending and threatened litigation and other claims	42.7 B	30.8 B
Specific claims	23.6 B	15.2 B
Comprehensive land claims	9.3 B	7.1 B
Provision for guarantees provided by the government	0.5 B	0.4 B
Total - Contingent liabilities	76.0 B	53.4 B

Source: [Public Accounts, Statement of Financial Position, Note Disclosure 8](#).

Réponse:

Le solde du passif éventuel de la RCAANC a augmenté de 17,9 milliards de dollars, passant de 30,6 milliards de dollars en 2021-22 à 48,5 milliards de dollars en 2022-23 (Source: [États financiers pour l'exercice terminé le 31 mars 2023](#)).

RCAANC représente 64 % des 76 milliards de dollars de passifs éventuels du gouvernement du Canada. En raison de la nature délicate des négociations et des litiges en cours sur ces revendications, nous ne sommes pas en mesure de fournir une ventilation plus détaillée que l'information déjà fournie dans les notes des comptes publics pour l'ensemble du gouvernement du Canada (voir ci-dessous).

Revendications	2022-2023	2021-2022
Causes en instance et imminentes et autres réclamations	42,7 B	30,8 B
Revendications particulières	23,6 B	15,2 B
Revendications territoriales globales	9,3 B	7,1 B
Provision pour garanties accordées par le gouvernement	0,5 B	0,4 B
Total - Passifs éventuels	76,0 B	53,4 B

Source: [Comptes publics du Canada, États financiers consolidés, Notes afférentes 8](#).

Question Three: Transition off-diesel

Transcript of Question:

Senator Smith: Mr. Thompson, in your departmental results for 2022-23, the number of on-reserve First Nation communities that rely on ISC-funded diesel for electricity generation continues to go well beyond the target set by your department. Could you talk about why more and more on-reserve communities rely on diesel for their electricity generation? What plans are in place to move these communities away from diesel to more sustainable sources?

Mr. Thompson: Thank you for the question, Mr. Chair. I will refer to my colleague for the answer.

Senator Smith: You're going to be busy tonight.

Ms. Hadden-Jokiel: Thank you. Sorry, senator. I don't have the details on the number of communities that are currently on diesel, so we'll have to follow up with you in writing on that.

But we are working with communities around alternate sources and having plans in place where that's possible. A number of communities in Ontario have moved toward a large electricity grid. Sometimes there are aggregate levels of community that we can work toward on those large projects. Sometimes it's individual communities.

Senator Smith: Do you have specific numbers on how many people or how many communities have moved away from diesel to electricity or some varying form of electrical generation?

Ms. Hadden-Jokiel: We'll have to provide that to the committee after the meeting.

Senator Smith: That would be great, because then we can see what the definition of progress really is in terms of your results. Thank you.

The Chair: Ms. Bess, I see you want to make a comment.

Ms. Bess: Senator Smith, for Crown-Indigenous Relations and Northern Affairs Canada, we have some targets as well for reductions in the consumption of diesel fuel. I think we spoke about this at our last committee meeting. We have a Northern REACHE Program that invested \$16 million in 59 clean energy projects across the North, and this represents an estimated reduction of 830,000 litres in the consumption of diesel in 2022-23 and 2.6 million litres since 2016. Our target was to reduce the consumption of diesel fuel for electricity and heating in northern communities resulting from renewable energy and energy efficient products. Our target was 2 million litres by March 31, 2023, and we've reduced it by 2.6.

Senator Smith: That's grid consumption, so those numbers that you just gave us could be —

Ms. Bess: Comparative? I don't have that handy, but we can come back.

Senator Smith: Could you get back to us in writing so that we can get a real picture?

Ms. Bess: Yes.

Response:

Northern communities are in the early stages of transition from diesel-based electricity systems to clean energy. Communities are implementing a range of clean energy initiatives from renewable heat and electricity systems, energy efficiency, energy planning and capacity building or a combination thereof.

CIRNAC supports clean energy projects in the North, through its Northern REACHE program (Responsible Energy Approach to Community Heat and Electricity). Since 2016, Northern REACHE has invested \$82.3 million in 210 unique projects in the Yukon, Nunavut, Northwest Territories, Nunavik and Nunatsiavut. The projects and initiatives supported span a broad range of technology types such as energy efficiency retrofits, biomass district heating systems, solar photovoltaic systems, wind projects, battery energy storage, energy coordinators, and community energy plans.

Of the 98 communities in the North (3 territories, Nunavik and Nunatsiavut), 73 of those rely on diesel for electricity generation. In Northwest Territories and Yukon, there are 24 communities on regional hydroelectricity grids, but these grids are increasingly reliant on diesel generation to make up for capacity shortages due to rapid population growth and electrification.

Of the 73 diesel-reliant communities, 9 (12%) have large clean energy projects (i.e., solar/wind/battery storage) that are constructed or in advanced stages of development. These 'large' projects are considered those having the potential to meet 20% or more of a community's electricity demand. Vuntut Gwitchin First Nation's 940 kilowatt Solar and Battery Energy Storage project in Old Crow, Yukon is an example of a large, high penetration project which allows the community to shut off diesel generators for long periods of time during the summer.

Additionally, 13 communities (18%) are implicated in hydro or grid-interconnection projects that are in the planning stage. These projects have the potential to entirely eliminate diesel-generated electricity in those communities and includes projects like the Kivalliq Hydro-Fibre Link and Iqaluit Hydro project. Inukjuak, Nunavik is the only community in the North that has fully transitioned from diesel to clean energy, with the development of a 7.5 megawatt hydro project.

Of the 73 diesel-reliant communities, 53 of those (73%) have received funding from Northern REACHE for clean energy projects, which includes energy planning, energy efficiency or capacity building, and 30 of these communities have installed small-scale renewable energy systems.

At the moment, hydroelectricity and grid-interconnection projects are the only technologies available that would allow a community to entirely transition away from diesel for electricity and heating. However, not all communities have suitable hydro resources or are sufficiently close to the southern grid for an interconnection. Additionally, these projects are costly and can take many years to develop.

The numbers presented here come from projects supported by CIRNAC's Northern REACHE program. While this presents a solid picture of clean energy development in the North, it is not exhaustive as there are other programs, such as Natural Resource Canada's Clean Energy for Rural and Remote Communities that are supporting projects in this space.

Réponse:

Les communautés du Nord sont aux premiers stades de la transition énergétique du diesel vers une énergie propre. Les communautés mettent en œuvre des projets d'énergie propre tels des systèmes de chauffage et d'électricité renouvelable, des mesures d'efficacité énergétique, de planification énergétique et de renforcement des capacités.

Relations Couronne-Autochtones et Affaires du Nord Canada soutient des projets d'énergie propre dans le Nord par l'intermédiaire de son programme ARDEC Nord (Approche responsable pour le développement énergétique des collectivités du Nord). Depuis 2016, ARDEC Nord a investi 82,3 millions de dollars dans 210 projets au Yukon, Nunavut, Territoires du Nord-Ouest, Nunavik et Nunatsiavut. Les projets et initiatives soutenus couvrent un large éventail de types de technologies tels que les améliorations d'efficacité énergétique, les systèmes de chauffage à la biomasse, les systèmes solaires photovoltaïques, les projets éoliens, le stockage d'énergie par batterie, les coordinateurs énergétiques et les plans énergétiques communautaires.

Sur les 98 communautés du Nord (3 territoires, Nunavik et Nunatsiavut), 73 dépendent du diesel pour la production d'électricité. Dans les Territoires du Nord-Ouest et au Yukon, 24 communautés sont raccordées à des réseaux hydroélectriques régionaux, mais ces réseaux dépendent de plus en plus de la production d'électricité au diesel pour compenser les pénuries de capacité dues à la croissance rapide de la population et à l'électrification.

Sur les 73 communautés dépendantes du diesel, 9 (12 %) ont de grands projets d'énergie propre (c'est-à-dire solaire/éolien/stockage par batterie) qui sont en construction ou à des stades avancés de développement. Ces « grands » projets sont considérés comme ceux ayant le potentiel de répondre à 20 % ou plus de la demande en électricité d'une communauté. Le projet d'énergie solaire de 940 kW et de stockage par batterie de la Première Nation Vuntut Gwitchin à Old Crow, au Yukon, est un exemple de projet d'envergure à forte pénétration qui permet à la communauté d'éteindre les génératrices diesel pendant de longues périodes au cours de l'été.

De plus, 13 communautés (18 %) sont engagées dans des projets hydroélectriques ou d'interconnexion au réseau en phase de planification. Ces projets ont le potentiel d'éliminer complètement l'électricité produite au diesel dans ces communautés et comprennent des projets comme le projet Kivalliq Hydro-Fibre Link et le projet Iqaluit Hydro. Inukjuak, au Nunavik, est la seule communauté du Nord qui est complètement passée du diesel à l'énergie propre, avec le développement d'un projet hydroélectrique de 7,5 mégawatts.

Sur les 73 communautés qui sont dépendantes du diesel, 53 d'entre elles (73 %) ont reçu un financement de ARDEC Nord pour des projets d'énergie propre, qui incluent la planification énergétique, l'efficacité énergétique ou le renforcement des capacités - 30 de ces communautés ont installé des systèmes d'énergie renouvelable à petite échelle.

À l'heure actuelle, les projets d'hydroélectricité et d'interconnexion au réseau sont les seules technologies disponibles qui permettraient à une communauté d'éliminer complètement le diesel pour l'électricité et le chauffage. Cependant toutes les communautés ne disposent pas de ressources hydroélectriques appropriées ou ne sont pas suffisamment près du réseau du sud pour une

interconnexion. De plus, ces projets sont coûteux et peuvent prendre de nombreuses années à se développer.

Les chiffres présentés ici découlent des projets soutenus par le programme ARDEC Nord de Relations Couronne-Autochtones et Affaires du Nord Canada. Bien que cet exposé présente des projets d'énergie propre dans le Nord, il n'est pas exhaustif puisqu'il existe d'autres programmes, comme le programme Énergie propre pour les communautés rurales et éloignées de Ressources naturelles Canada, qui soutiennent des projets dans ce domaine.

Question four: Departmental spending on taxes and management fees for Trusts

Transcript of Question:

Le sénateur Dagenais: Évidemment, il n'était pas question de laisser partir M. Thompson sans lui poser une question. J'ai une question même pour les deux ministères. Puisqu'on parle ouvertement que l'administration d'importants budgets destinés aux Premières Nations ne se fait pas par les fonctionnaires du gouvernement, que c'est confié à des trusts si j'ai bien compris, j'ai une question simple pour les deux ministères : étant donné que les trusts ne travaillent pas pour rien, pouvez-vous nous fournir chacun de votre côté combien vos ministères dépensent respectivement en argent des taxes pour la gestion par les trusts auxquels vous confiez l'argent destiné aux Autochtones?

(anglais suit — Ms. Bess: Thank you for the question...)

(following French — Senator Dagenais — . . . aux Autochtones?)

Ms. Bess: Thank you for the question. I'll have to get back to you in writing on that. I don't have that information handy.

(French follows — Senator Dagenais: Excellent. Merci beaucoup . . .)

(après anglais — Ms. Bess: ... I don't have that information handy.)

Le sénateur Dagenais: Excellent. Merci beaucoup. Une réponse par écrit?

M. Thompson: On peut vous répondre par écrit avec plaisir.

Le sénateur Dagenais: Merci.

Le président: Vous allez répondre par écrit.

Response:

While Childhood Claims application processes to seek individual compensation are administered outside of the Government, funding for individual compensation is not placed in a trust. Canada provides funding to the administration for compensation payments as requested by the administrator and based on the number of claims validated. Canada continues to provide funding for compensation until all eligible claims have been paid out and the claims process is concluded. Canada also pays the administrator on invoice for their services implementing the claims process. In 2022-23, the claim administration expenditures totaled \$36.7 million.

In addition to individual compensation, Childhood Claims settlements include funding for forward-looking initiatives to support healing, wellness, education, language, culture and commemoration. These initiatives are administered by foundations, corporations, societies and trusts that are created as part of the settlement. They are Indigenous-led and independent of the Government.

Réponse

Bien que les processus de demande d'indemnisation des enfants soient administrés en dehors du gouvernement, le financement de l'indemnisation individuelle n'est pas placé dans une fiducie. Le Canada finance l'administration des paiements d'indemnisation à la demande de l'administrateur et en fonction du nombre de demandes validées. Le Canada continue de financer l'indemnisation jusqu'à ce que toutes les demandes admissibles aient été payées et que le processus d'indemnisation soit terminé. Le Canada paie également l'administrateur sur facture pour les services qu'il fournit dans le cadre de la mise en œuvre du processus de réclamation. En 2022-23, les dépenses de gestion des demandes de remboursement s'élèvent à 36,7 millions de dollars.

Outre les indemnisations individuelles, les règlements des revendications relatives à l'enfance comprennent le financement d'initiatives tournées vers l'avenir pour soutenir la guérison, le bien-être, l'éducation, la langue, la culture et la commémoration. Ces initiatives sont administrées par des fondations, des sociétés et des fiducies créées dans le cadre du règlement. Elles sont indépendantes du gouvernement et dirigées par des autochtones.