

Indian and Northern Affairs Canada

1977-1978

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Financial Summary

Comparative summary of expenditure and revenue (in millions of dollars) for the fiscal years ending 31 March, 1977 and 1978

Budgetary	1976-1977	1977-1978	Increase or decrease
Operating Expenditure	...	...	...
Administration	21.4	24.0	2.6
Indian and Inuit Affairs	446.6	527.7	81.1
Northern Affairs	248.7	284.9	36.2
Parks Canada	85.3	98.8	13.5
Capital Expenditure	...	...	...
Indian and Inuit Affairs	109.3	115.7	6.4
Northern Affairs	35.5	36.2	0.7
Parks Canada	67.3	82.7	15.4
Total budgetary expenditure	1014.1	1170.0	155.9
Revenue *	...	...	...
Indian and Inuit Affairs	0.2	0.4	0.2
Northern Affairs	0.0	0.0	0.0
Parks Canada	0.0	0.0	0.0
Total budgetary revenue	0.2	0.4	0.2
Net budgetary expenditure	1013.9 **	1169.6	155.7
Non-Budgetary Loans, investments, advances, etc.	...	...	...
Indian and Inuit Affairs	9.7	0.3	(9.4)
Northern Affairs	(62.2)	4.3	66.5
Total (non-budgetary)	(52.5)	4.6	57.1
Total expenditure (gross)	961.6	1174.6	213.0

* Includes only receipts and revenue credited to votes. ** The public accounts and the 1976-77 annual report listed an amount of \$1 001.0 rather than \$1 013.9. The increase (\$12.9) will be reflected in the same column in the 1977-78 public accounts. This increase is due to the following two factors: 1) D.S.S. adjustments to "contributions to employee benefits and plans" (\$2.2); 2) crediting of Parks Canada revenue to the consolidated revenue fund rather than to appropriation (\$10.7).

Introduction

The Indian and Inuit Affairs Program of the Department serves registered Indians in Canada (295 898 as of December 31, 1977) as well as approximately 4 250 Inuit who live outside the Northwest Territories, mainly in Labrador and northern Quebec.

The Indian and Inuit Affairs Program assists Indian and Inuit people in participatory decision-making through their band councils and associations. The program also formulates and implements policies and programs designed to assist Indian people in achieving their cultural, economic and social aspirations within Canadian society. These endeavours are all part of the Department's changing role from one of control and direction to one of support.

Education

Since 1973 the Indian and Inuit Affairs Program has implemented a policy of local control of education. Under this policy, which reflects the principles of the National Indian Brotherhood's policy paper presented to the government in 1972, Indian people exercise parental authority and local control over their children's education.

Of 573 Indian bands, 80 manage their total, and over 400 control one or more parts, of their education program. Over 5 500 students attend schools managed by Indian bands. The education program on some reserves has been extended to grade 10 and higher. This extension has been done on an experimental basis only, since despite a 1976-77 increase of about four per cent in enrolment at the secondary level, student numbers are still relatively small.

Indian band representation is increasing on provincial school boards, reflecting the fact that more than half the Indian student population attends schools operated by provincial boards. Approximately 100 Indian people are now members of provincial school boards.

There are over 4 500 Indian people enrolled in some form of post-secondary education. Provided they are residents of Canada, financial and counselling help are given to Indian and Inuit students who have been accepted into a post-secondary education program.

Indian enrolment at secondary and elementary school levels continues to increase at a steady rate. Indians in secondary schools now comprise over 17 per cent of Indian school enrolments (compared to seven per cent in 1960) and the rate of annual increase is steady at about eight per cent. The increase in elementary school enrolment, which is rising more slowly, is expected to remain constant for the next few years because of declining birth rates.

Total Indian enrolment in federal schools in 1977-78 stood at 35 051. Enrolment in non-federal schools (where Indian students are assisted through the payment of tuition fees to provincial authorities) stood at 43 037, making the total number of Indian pupils in elementary and secondary schools 78 088.

An important goal of the Education and Cultural Support Branch of the program is to ensure that the education Indians receive helps preserve and maintain their culture. Cultural enrichment programs, including Indian languages as either the language or subject of instruction, have been introduced into both federal and provincial schools. Special courses to train Indian people as teachers, teacher-aides, and language instructors have been created to make it possible for Indian children to be taught by their own people.

Cultural/educational centres are also being provided to complement and supplement existing educational institutions, and to further strengthen Indian awareness of their cultural heritage.

Community Affairs and Local Government

For more than 10 years the Department has actively assisted Indian people to develop the expertise necessary to manage their communities.

Under departmental programs, capital and operating funds are provided to bands for programs such as the development and maintenance of community infrastructure, social services, policing and recreation.

During 1977-78, Indian and Inuit councils administered the expenditure of approximately \$147 million in public funds and more than \$68 million in band funds for a variety of local government projects.

Along with capital, operating and maintenance funds, the Department provides "core funds" to band councils on the basis of total band membership. These funds are used to finance items such as band offices and associated operating costs, support staff, salaries, professional advisory services and honoraria, and travel costs for chiefs and councillors. Additional funds to help cover the costs of administering various programs are provided at levels negotiated for each program activity.

Housing

Housing assistance is provided for registered Indians and Inuit who live on or off reserves. The On-Reserve Housing Program enables steadily employed Indian people to receive Central Mortgage and Housing Corporation (CMHC) loans guaranteed by the Minister. During a six-year period up to the fiscal year ending in March 1978, 407 houses were constructed under this program and \$7 million was guaranteed by the Minister. In addition, 668 houses were constructed through the use of project loans with \$10.2 million guaranteed by the Minister.

Indians living on reserves may also secure housing through the Subsidy Housing Program. Nearly 12 500 new houses were built and renovations to 11 500 existing homes were undertaken under this program during the past seven years. A total of \$163 million has been provided for this purpose.

Indian individuals and families living off reserves, who are able to provide assurance of continuing employment, can qualify for a repayable first mortgage from CMHC and a forgivable second mortgage from the Department. Since 1967, some 2 151 houses have been purchased under this program at a cost of \$17.3 million in second mortgages. In September 1977, the Minister of Indian and Northern Affairs Canada announced a new housing policy for Indians living on reserves. The new housing policy will use the funding resources of the Department, Central Mortgage and Housing Corporation and the Canadian Employment and Immigration Commission's Canada Works Program. In addition, individual Indians and bands will contribute in cash and/or "sweat equity." While the new policy is being implemented, further studies are being conducted to refine the new policy and streamline the delivery of housing programs.

Economic Development

Indian Economic Development Fund

The Indian Economic Development Fund (IEDF) was established in 1970. The fund is a financial base for the Department's mandate to assist Indian people develop income opportunities and create employment by providing capital to Indian individuals and businesses.

Financial and Technical Assistance Provided

During the 1977-78 fiscal year the Indian and Inuit Affairs Program approved 607 loans totalling \$9.3 million and guaranteed, in whole or in part, loans from conventional lenders amounting to \$4.3 million.

1	This band-owned crawler tractor has become a multi-use vehicle on the Driftpile reserve near Slave Lake.
2	The Princess Chérie was acquired through the Indian Fishermen's Assistance Program introduced by the federal government in 1968.
3	The Boisdale Hills are the backdrop to the new Eskasoni federal school. (Photo: Chris Laporte, Micmac News.)
4	Jack Sinclair, chief of the Peguis Indian band and Regional Director General of Manitoba, Dave Nicholson, sign the agreement giving control of education from kindergarten to grade 12 to the Peguis school board.
5	Even the very young anxiously await the arrival of HRH Prince Charles for Treaty Seven celebrations in Alberta.

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Over the past year, the Economic and Employment Development Branch has also provided \$26.3 million in developmental contributions to Indian - Controlled enterprises. To help Indian people establish their own enterprises, the Economic and Employment Development Branch, through the IEDF, assisted with business planning and other professional and technical services.

As a result of the branch's support, 1 720 new jobs were created in 1977-78. In the first seven years of the Indian Economic Development Fund's operation approximately 10 120 employment man-years have been created in enterprises as varied as agriculture, forestry, fishing, trapping, construction, real estate, manufacturing, transportation, communications and wholesale-retail operations.

Re-assessment and Operational Improvement Process

As reported last year, there has been a complete reassessment of the Department's Indian economic development program. The first year of this process is complete and implementation of the second-year plan is in progress.

This re-assessment has included a project-by-project analysis of the business activities undertaken by Indian people with the assistance of the Indian Economic Development Fund. The project-by-project analysis resulted in a planned stabilization of the fund over a three-year period. The objective of this process is either to maintain projects, some of which may require fundamental changes both to structure and capitalization, or, in some cases, to wind up projects. At the same time, in reviewing the economic development portfolio, the Economic and Employment Development Branch will continue to re-capitalize and re-structure worthwhile projects.

Considering the investments already made, this evaluation process is a costly step, but far less costly than the long-term maintenance of fundamentally unsound enterprises and the attendant disillusionment and certain demoralization of those engaged in them.

Socio-Economic Development

The program re-assessment mentioned above has led to the conclusion that conventional approaches to development have tended to impose inappropriate technologies, designed for urban communities with complex support resources, on Indian businesses and communities. It has also established that to allow sufficient time for Indian enterprises to prosper and have local impact, and for management to mature, it is often necessary to subsidize costs over a lengthy period.

A new approach to Indian socio-economic development which is being developed incorporates a consolidation and redistribution of program resources, and efficient use of other departments' and agencies' resources. The new approach is being worked out within the constitutional framework of the Indian Act as it now stands, within proposed amendments to the Act, and within the political structure of the Indian community. It also takes into account current tripartite (federal and provincial governments and Indian associations) negotiations, and the financial management and administrative structure of the Indian and Inuit Affairs Program.

The new approach is based on certain fundamental points: 1 Bands are the prime authority for planning, shaping and controlling social and economic development on Indian reserves. 2 Development projects must be in the context of community-based socioeconomic planning processes. 3 The Indian and Inuit Affairs Program must guarantee support for the development and functioning of band governments and community enterprises by providing the appropriate statutory framework for the exercise of band power. 4 The Indian and Inuit Affairs Program must make available training, and technical and management advisory services to band governments, in addition to the fiscal resources required for the effective exercise of band authority. 5 The subsidization of Indian-initiated processes is required until they are capable of prospering in the general marketplace.

In addition to the foregoing Mr. J. Beaver was appointed to serve as a special adviser to the Minister and to the President of the National Indian Brotherhood. Mr. Beaver and a committee selected to assist him will undertake a broad in-depth review of economic development with a view to providing comments on departmental policies and programs and the effectiveness with which goals are being achieved.

Reserves and Trusts

The main objectives of Reserves and Trusts are: 1 To ensure that treaty obligations and trust responsibilities with regard to lands, band funds and membership are fulfilled. 2 To administer those sections of the Indian Act dealing with elections, referenda, by-laws, and lands. 3 To assist Indians in obtaining maximum benefits as determined by them, from the use of the mineral resources available to them.

Lands

The Lands Branch administers crown land set aside for the use and benefit of Indian bands by ensuring that treaty and other obligations are met and that statutory responsibilities under the Indian Act are fulfilled.

The major statute under which the branch acts is the Indian Act. There are, however, 14 other statutes such as the Public Lands Grant Act, and acts relating to land and natural resources in various provinces and on some reserves, which govern branch activities.

The total land administered comprises some 1.3 million acres of reserve land and up to 15 million acres of surrendered land. There are 2 196 reserves and some 79 settlements involving 573 bands.

Continued decentralization of land management and estate functions to regions and bands, which started in 1974, has taken place during the year. The Atlantic, Saskatchewan and British Columbia regions have assumed responsibility for all surrogate and probate functions. In addition, Indian families have been encouraged to assume (instead of the Department) the administration of estates of family members. Of the total number of estate administrators appointed during the year, 17.5 per cent were family members rather than departmental officials. The assumption of such responsibilities by Indian families facilitates estate administration and places decision-making powers in Indian hands.

Membership

The Membership Division is responsible for administering the membership and enfranchisement provisions of the Indian Act. Since 1970, the division has pursued a policy of transferring local administration of membership functions to Indian bands. As of March 31, 1978, 115 bands had taken over these responsibilities from district offices.

Statutory Requirements

During 1977-78 a Statutory Requirements Division was formed within Reserves and Trusts to administer and control responsibilities vested in the Minister or the Department under the Indian Act and its regulations, including: 1 The trustee management of Indian monies, band loans, and the administrative functions of the government's treaty obligations. 2 The provision of advisory services pertaining to by-laws of Indian band councils and regulations. 3 The application of regulations under, and arising from, those sections of the Indian Act dealing with Indian band elections, referenda, traffic, council meetings, and so on. 4 The amalgamation and/or division of Indian bands. 5 The administration of statutory appointments, such as Commissioners for Oaths, and electoral officers. 6 The administration of Indian reserve timber resources under the Indian Act and the Indian Timber Regulations. 7 The funding of certain court appeals in matters of general application which may involve Indian treaty or other rights.

Josie Horn instructs her kindergarten pupils in Caughnawaga, Quebec.

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Indian Minerals

The responsibility of the Indian Minerals Division is the administration, on behalf of native people, of mineral resources on and under Indian lands and some surrendered lands. The division assists in obtaining maximum involvement in, and benefit from, the mineral sector of the national economy.

Field offices located in Calgary and Toronto provide advice and assistance to Indian bands, federal and provincial government agencies, and the private sector.

In its first full year of operation, the Toronto field office has concentrated its efforts on the mining sector, metallic, non-metallic and structural.

Over the years, the main emphasis of the Calgary office has been on oil and gas, and revenues from these activities during the past fiscal year amounted to about \$85 million.

Policy, Research and Evaluation

The mandate of the Policy, Research and Evaluation Group is: the direction, administration and control, with appropriate consultation with Indian people, of the assessment and development of national policy; the evaluation of existing programs and structuring of evaluation criteria for proposed programs; the undertaking and support of research related to policy and program issues, and support of the land claims settlement process.

To carry out its activities, the Policy, Research and Evaluation Group is separated into three branches.

Program Evaluation

The function of the Program Evaluation Branch is to provide the Department with the capability to assess program effectiveness. The objectives of the branch are: to initiate, coordinate and manage resources and activities in order to evaluate programs; to facilitate management decision-making, policy/program development and accountability; and to facilitate long-range perspectives, skills, and methodologies of evaluation within the Indian and Inuit Affairs Program and Indian organizations. Evaluation is carried out not only to evaluate existing programs but as a prerequisite to future planning.

By the end of the 1977-78 fiscal year approximately 30 projects, representing about 20 per cent of the Indian and Inuit Affairs Program's budget for that year, were being evaluated.

Policy

The Policy Branch assesses and develops, in consultation with Indian people, national policies which will help achieve the objectives of the Indian and Inuit Affairs Program. The branch works particularly with Indian associations to develop policy in relation to the revision of the Indian Act and other key issues. It is the responsibility of this branch to facilitate tripartite discussions with provincial governments and Indian associations, to represent the policy interests of the program in the land claims negotiation process, and to provide policy guidance to the operational activities of the program.

Research

The Research Branch has the responsibility for the establishment and maintenance of an effective and accessible research data base, for problem-oriented research relating to policy, for historical research services, and for ensuring the effective dissemination of relevant research findings. It is also involved in the administration of accountable contributions or loans to relevant Indian associations in support of claims research, claims negotiations and the Indian Act revision process. Another important responsibility of the Research Branch is to facilitate, through the auspices of the Treaties and Historical Research Centre, access by native people to departmental files and to research carried out by or for the branch.

Special Projects

The Special Projects Branch was established in 1978 to work towards resolving a variety of long-outstanding and often complex issues as fairly and expeditiously as possible. Certain issues, generally land-related, have been a continuing source of irritation to Indian people and an impediment to improved Indian relations with the Indian and Inuit Affairs Program.

Over the first three months of 1978 branch activities focused on identifying priority issues and setting possible resolution dates in consultation with regional and district staff of the program, Indian associations and, in some cases, individual bands.

Depiction of Christ by nationally known Indian artist, Norval Morriseau.

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Expenditures 1977-78

Operating expenditures	Millions of \$
Community affairs	199.7
Education	219.7
Administration *	42.8
Policy, research and evaluation	7.6
Economic development	56.7
Band work program	1.3
Total operating expenditures	527.8
Capital	...
Community affairs	77.4
Education	28.2
Administration	4.7
Economic development	4.9
Band work program	-
Total capital expenses	115.2
Totals by program	...
Community affairs	277.1
Education	247.9
Administration	47.5
Policy, research and evaluation	7.6
Economic development	61.6
Band work program	1.3
Total program	643.0

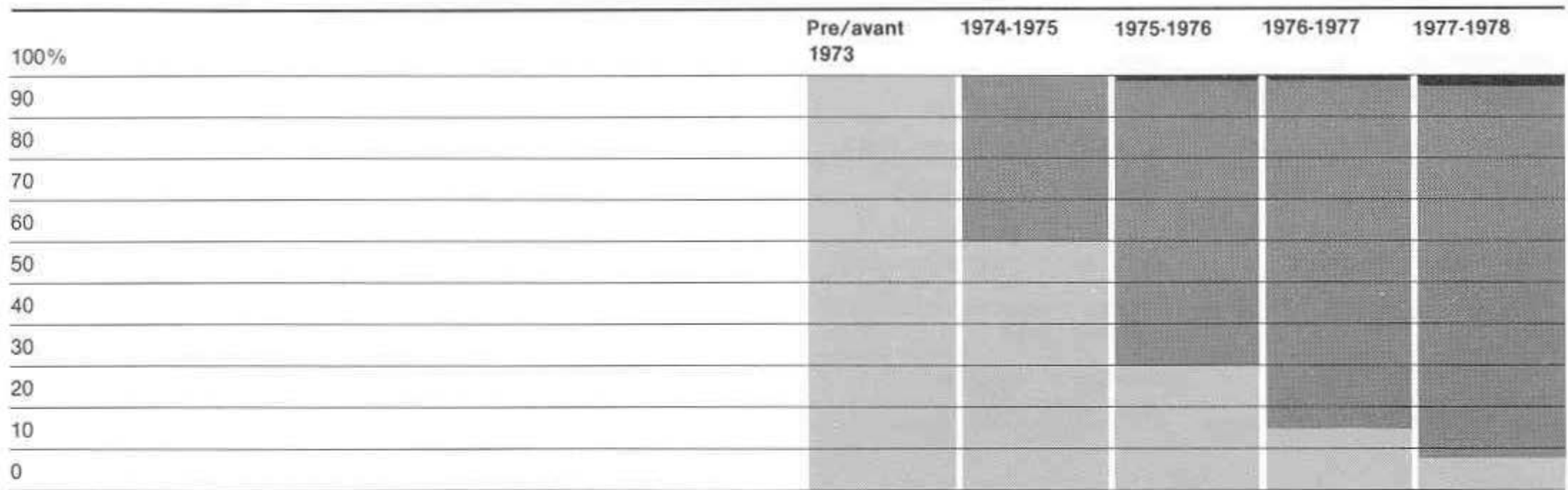
* Includes expenditures for Indian annuities and miscellaneous pensions.

Economic Development

Indian economic development account	...
Continuing account authority	\$70 000 000
Number of loans approved	607
Total of loans approved	\$9 264 362
Total amount advanced	\$9 014 309
Repayments of principal during year	\$11 459 892 *
Amount outstanding-March 31, 1978	\$52 007 174
Loans guaranteed	...
Number	40
Total of guarantees	\$4 367 425 *
Grants plus contributions	...
Number approved	500
Total approved	\$5 573 037
Employment	...
Jobs created	1 720

* This figure includes debt deletions and reductions totalling \$5 846 468, making actual repayments by clients \$5 613 424.

Property and Estate Management Functions



Progress of Decentralization	Évolution de la décentralisation	
Band	Bandes	<div></div>
Region	Régions	<div></div>
Headquarters	Administration centrale	<div></div>

The question of settling native claims has been before Canadian governments for many years.

In 1970 the government began funding native groups to enable them to research their rights and claims. From 1970 to the end of March 1978, the federal government disbursed approximately \$14.9 million in grants and contributions and \$17.8 million in loans to native groups to enable them to conduct research into treaties and aboriginal rights, and to research, develop and negotiate their claims.

On August 8, 1973, the Minister of Indian and Northern Affairs Canada announced the federal government's claims policy. This policy formally recognized, for the first time, "comprehensive" claims, while reaffirming the government's commitment to resolve "specific" claims.

Comprehensive claims are generally understood to be those which involve the existence of a native interest in areas of Canada where it has not been extinguished by treaty or superseded by law (northern Quebec, the Yukon and most of British Columbia and the Northwest Territories). This interest, variously described as "aboriginal interest" or "native interest," has never been definitively expressed in Canadian law but it relates to traditional and prior use and occupancy of land by native people in these areas.

The 1973 policy recognized that non-native occupancy of land in these areas had not taken this interest into account, had not provided compensation for its gradual erosion, and had generally excluded native people from benefitting from developments that might have taken place as a result of non-native settlement. The policy went on to state that the most promising avenue for reaching settlement of comprehensive claims was through negotiation between the government and the native groups concerned.

One of the main purposes of the negotiation process is to translate the native interest into concrete and lasting benefits in the context of contemporary society. Comprehensive claim settlements, for example, should contribute to the cultural, social and economic development of the native claimants. Settlements can consist of many elements, such as lands; cash; hunting, fishing and trapping rights; resource revenue sharing, and native participation in local and regional government. The benefits and undertakings are set out in a final agreement which is approved and given effect by legislation.

Specific claims, on the other hand, are those brought by native people against the government for alleged failure to fulfill the provisions of the treaties and the Indian Act. These grievances generally arise in areas where native people have entered into treaties or formal agreements with the federal government, or where reserves have been established.

The Office of Native Claims, established within the Department of Indian and Northern Affairs Canada in 1974, represents the federal government in both comprehensive and specific claims negotiations with native groups, and recommends policies relating to the development of claims and the conduct of negotiations.

Comprehensive Claims

Labrador

In December 1977 the Department of Indian and Northern Affairs Canada received a draft land use and occupancy study in support of the Labrador Inuit Association's claim, on behalf of 2 500 Inuit and "native settler" people, to lands in northern Labrador. The Department also received a claim proposal on November 22, 1977, from the Naskapi Montagnais Innu Association which represents the Indian people of Labrador. Both claims are now under review by the federal government.

Nova Scotia

In April 1977 the Union of Nova Scotia Indians presented the Minister with a claim for rights and benefits as compensation for the loss of aboriginal title in Nova Scotia. This claim is also under review to determine its acceptability for negotiation under the terms of the 1973 policy.

Northern Quebec

The James Bay and Northern Quebec Agreement between the Grand Council of the Crees (of Quebec), the Northern Quebec Inuit Association, the federal government, the province of Quebec, the James Bay Energy Corporation, the James Bay Development Corporation and Hydro Quebec, was signed on November 11, 1975. It was the first comprehensive claim settlement of its kind in Canada. In addition to land and financial compensation, the agreement provides the nearly 12 000 Cree and Inuit beneficiaries with concrete social and economic benefits; hunting, fishing and trapping rights; control over education; substantial participation in local and regional government, and environmental protection.

The agreement was given full force and effect on October 31, 1977, upon proclamation of both federal legislation (Bill C-9, The James Bay and Northern Quebec Native Claims Settlement Act) and a Quebec bill (Bill 32).

Prior to the coming into force of the agreement, implementation of many of its provisions had begun through the application of the transitional measures provided for under the agreement. Now that the agreement is in force, the federal government's responsibility for implementation of its various provisions and programs is being assumed by the Indian and Inuit Affairs Program as well as certain other federal departments directly concerned with specific aspects, for example Health and Welfare Canada and Fisheries and Environment Canada.

In accordance with federal claims policy, the federal government indicated its willingness to meet with other native groups that were not signatories to the agreement but that may have had an interest in the area affected by it. On this basis, negotiations with the Naskapis of Schefferville culminated in the signing on January 31, 1978 of the Northeastern Quebec Agreement between the Naskapis and all the groups which were signatories to the James Bay and Northern Quebec Agreement.

The Northeastern Quebec Agreement provides the 400 Naskapis with specific rights and benefits similar to those granted to the Crees and Inuit under the James Bay Agreement, including \$9 million in monetary compensation, 126 square miles of Category I lands for the exclusive use and benefit of the Naskapis, and 1 600 square miles of Category II lands where they will have exclusive hunting, fishing and trapping rights. In addition, the agreement provides for the possible relocation of the Naskapi community away from the immediate urban area of Schefferville. Feasibility studies on the move will be carried out, following which the band will decide whether it wishes to relocate.

The agreement will come into effect through a federal order-in-council and the adoption, by the Quebec national assembly, of a provincial bill for that purpose. Full implementation of the agreement's provisions will be possible only at the end of the "Transitional Period," that is, when the band has relocated if it chooses to do so or, alternatively, when lands have been set aside for its permanent residence at the present location. The agreement includes "transitional measures" which allow for the implementation of many of its provisions during this period. This process is now under way. On March 29, 1978, the federal government's share of the monetary compensation to the Naskapis (\$1.3 million) was deposited to a Quebec financial institution which will hold the funds in trust until the Naskapi legal entity has been created.

1	Led by President Sam Raddi, shown here, COPE presents its claim proposal, entitled 'Inuvialuit Nunangat,' to the federal government on May 13, 1977. The proposal sought the settlement of Inuvialuit land rights in the western region.
2	The Naskapis of Schefferville band and the signatories to the James Bay and Northern Quebec Agreement sign the Northeastern Quebec Agreement at Quebec City, January 31, 1978. Left to right: Chief Billy Diamond, Grand Council of the Crees (of Quebec); Chief Joseph Guanish, Naskapis of Schefferville, and the Hon. J. Hugh Faulkner.
3	Signing of the Manitoba Flood Agreement, December 16, 1977. Left to right: J. Funnell, Manitoba Hydro; L Bateman, Chairman, Manitoba Hydro; B. Hartley, federal negotiator for Canada; D. Craik, Minister of Finance, Manitoba, and Chief Walter Monias, Cross Lake.

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British Columbia

The federal government has accepted claims based on assertions of aboriginal title under the terms of the 1973 policy from the Nishga Tribal Council, the Gitksan-Carrier Tribal Council and the Kitwancool band. To date, the province has been unwilling to open negotiations on any claim other than that of the Nishgas. After a series of preliminary negotiations held on the initial Nishga position paper, which was presented to the federal and provincial governments by the tribal council in April 1976, the two governments reviewed the positions put forward by the Nishgas and made written responses in January 1978. Tripartite discussions have continued since then on a regular basis.

The Yukon

Discussions took place during late 1976 which led to the federal government and the Council for Yukon Indians (CYI) endorsing a concept of co-operative planning in January 1977. As a result, a tripartite (federal-territorial-CYI) planning council approved and made public four documents on various aspects of the claim during the year. In December 1977, the federal government presented a settlement proposal to the planning council. On January 31, 1978, however, the CYI requested additional time to complete its negotiating position to ensure full community understanding of its claim. The claim is to be presented in revised form to a future assembly for ratification.

The Northwest Territories

In the Mackenzie Valley, the federal government received a statement of claim in October 1976 from the Indian Brotherhood of the Northwest Territories (DENE) and clarification meetings on the claim were held in the spring of 1977. The proposal for a separate Dene nation was rejected in August 1977. At the same time, the Prime Minister announced the appointment of the Honourable C.M. Drury as Special Representative for Constitutional Development in the Northwest Territories. Mr. Drury will report to the Prime Minister on wide-ranging consultations to be carried out with leaders of the territorial government, northern communities and native groups on measures to extend and improve representative and responsive government in the Northwest Territories.

The Métis Association of the Northwest Territories (MANWT) was founded in 1976 to develop a separate land claim proposal to reflect its views and aspirations. This claim, in the form of a "Proposed Agreement on Objectives," was presented to the federal government in September 1977. While the government has agreed to accept two claims, the federal position is that there must be a single settlement for the Mackenzie Valley.

Several meetings have been held with the executive of both groups over the winter months with a view to reaching agreement on a mechanism for entering into joint negotiations towards this end. These discussions are continuing. On December 14, 1977, the Inuit Tapirisat of Canada (ITC) presented a new statement of claim to the Minister of Indian and Northern Affairs Canada at Frobisher Bay. This document is in the form of 11 general principles which are held to represent the views of 12 000 Inuit in the central and eastern Arctic.

This submission replaces the original ITC claim proposal, "Nunavut," which was presented to the government in February 1976 and withdrawn for review and modification in September of that year. It was agreed that negotiations between the government and the ITC should begin in the summer of 1978.

The Western Arctic Region

On December 14, 1976, the Committee for Original Peoples' Entitlement (COPE) announced it would be proceeding with the development of its own claim (separate from a revised ITC proposal) because of the possibility of major development projects which would directly affect the western Arctic region. COPE submitted its claim on May 13, 1977 and a COPE/government working group was established to conduct negotiations. The COPE/Government Joint Position Paper on Wildlife was made public December 7, 1977, and good progress has been made since then in the negotiation of a COPE/Government Working Group Joint Position Paper on the Inuvialuit Land Rights Claim.

Specific Claims

The Maritimes

Negotiations continued with the Wagmatcook (Middle River) band of Nova Scotia, concerning the band's claim that part of its reserve had been improperly alienated by Canada. In Big Cove, New Brunswick, a claim by the band that its interest in 400 acres of land had never been properly dealt with, is being negotiated by the Department with a view to achieving a settlement based on cash compensation and/or alternate lands.

Ontario

The Temagami band informed the federal government in 1973 that it would be making a claim to 4 000 square miles near Lake Temagami, and subsequently filed cautions on this area, which is unpatented provincial crown land. In January 1977, a decision of the Director of Titles for the province lifted the cautions. The band appealed that decision and judicial proceedings are continuing, with the province of Ontario seeking clarification of the interest that the Temagami people are claiming.

Negotiations continued with the Mohawks of the Bay of Quinte regarding the purchase of replacement lands in exchange for the surrender of 200 acres of long-term leased reserve land.

The Prairies

In Manitoba, negotiations among the Northern Flood Committee, the federal and provincial governments and Manitoba Hydro regarding compensation to five northern Manitoba bands for adverse effects on their communities of Manitoba's Lake Winnipeg Regulation and Churchill River Diversion Project, resulted in the signing of a final agreement on December 16, 1977. A subsidiary agreement on economic development had been signed in September 1977. The agreement was ratified in March 1978 with the support of 65 per cent of the votes cast. Negotiations continued on the selection of the arbitrator, settlement of outstanding land claims, and on the charter of a band - Controlled economic development corporation which is to receive a total of \$5 million from Manitoba Hydro and the two governments under the provisions of the 1977 agreements.

In Saskatchewan, a joint statement issued in August 1977 by the President, Federation of Saskatchewan Indians, the Minister of Indian and Northern Affairs Canada and the Minister of the Department of Northern Saskatchewan, outlined approaches to fulfilling outstanding treaty land entitlement to Saskatchewan bands. The respective responsibilities of Saskatchewan and Canada for fulfilling these entitlements are being negotiated and will be detailed in a joint agreement. Outstanding land entitlements are also being discussed with Alberta and Manitoba.

In Alberta, court proceedings are continuing concerning a claim from the Enoch band near Edmonton about the alleged improper surrender and sale of 6 300 acres of reserve land in 1908. The appeals on preliminary motions are tentatively scheduled for November 1978. Several other bands have also filed statements of claim in the Federal Court of Canada alleging, among other things, improper surrenders of reserve lands.

British Columbia

A federal-provincial offer of settlement concerning lands cut-off from Indian reserves as a result of a 1913-16 royal commission was presented to the Committee of B.C. Cut-off Bands on January 19, 1978. Tripartite negotiations are underway on the principal elements of settlement to be applied in negotiation with each of the 22 bands affected.

Introduction

National objectives for the north established by the government in 1972 included provision for a higher standard of living and quality of life, and equality of opportunity for northern residents; for maintenance of the northern environment with due consideration to economic and social development, and for progress toward self-government in the northern territories. These objectives continued to provide the principal guidance for the Northern Affairs Program in 1977-78.

Constitutional Development

The Honourable Charles M. Drury was appointed Special Representative for Constitutional Development in the Northwest Territories to plan the continuing devolution of constitutional powers from Ottawa to the territorial governments. His appointment was announced by the Prime Minister as a step toward "accommodating the legitimate interests of all groups in northern society, beginning with those of the Indians, Inuit and Métis."

Mr. Drury was authorized to conduct systematic consultations in the Northwest Territories on measures to develop a constitutional framework that would recognize the aspirations of all northerners including those expressed by native groups through their land claim proposals.

In October 1977, the Northwest Territories Council enacted an income tax ordinance enabling it to set its own personal and corporation income tax rates and enter into an agreement with Ottawa for tax collection. The Yukon government deferred action until after the next territorial election.

In March 1978 parliament passed Bill C-33 which allowed the territories to assume legislative and administrative responsibilities for the conduct of elections to their respective councils. The Yukon council passed the necessary enabling legislation at its winter session and the Northwest Territories is expected to take similar action in the near future.

The territories and the federal government also discussed the transfer of other areas of responsibility such as delivery of health care, administration of mine safety inspections, and program responsibility for the construction and maintenance of highways.

Cultural Development

The Department again made grants to Inuit individuals, groups, and organizations to encourage and help them maintain their cultural identity. As in the past, Inuit artists were encouraged to attend major exhibitions of their works in other parts of Canada and to participate in cross-cultural conferences.

Sadie Toolooktook, David Webster, Sam Metcalfe and Joe Mautari'naaq close an issue of Inuktitut, a Department of Indian and Northern Affairs Canada magazine dedicated to preserving Inuit culture and building communication between north and south. Subscriptions to the trilingual magazine are available from the Department.

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In co-operation with other organizations, the Department extended financial support to individual film makers, linguistic development projects and the publication of Inuit literature.

Education

Yukon and Northwest Territories schools are the responsibility of the territorial governments. Inuit schools in Nouveau-Québec are operated under the James Bay and Northern Quebec Agreement by the Kativik school board, while those in Labrador are the responsibility of the province of Newfoundland. Graduates from these schools attend post-secondary and vocational training schools in many parts of southern Canada.

Indian children in the Yukon constitute about 12 per cent of the total children attending school, or about 637 of the 5 254 on the rolls. In 1977-78, the Department provided \$150 500 (Northern Affairs Program - 126 500; Indian and Inuit Affairs Program - 24 000) to the Yukon Native Brotherhood for its Remedial Tutoring Program, and \$60 000 to the Council for Yukon Indians, through the Yukon government, for its native language program.

In the Northwest Territories, Indian, Inuit and Métis enrolment in all territorial schools constituted more than 60 per cent of the 12 716 students attending school. Thirty-three native graduate teachers were employed in territorial schools, along with 127 native classroom assistants.

Native language or cultural courses are offered in most Northwest Territories schools. In the Baffin region, 1 129 of the 2 511 children registered in the lower grades (kindergarten to Grade 3) received instruction in their native language. In Keewatin, 581 children out of 1 286 in the same grades were given similar instruction, while in the Mackenzie region, native students in all settlements except Norman Wells, Pinepoint and Tungsten received training in their mother tongue.

1 Harry Carlick of Whitehorse is one of five young Indian men who studied 18 months with the Department of Indian and Northern Affairs Canada in Ottawa and the Northwest Territories to become forest survey technicians. Four former students are now employed in forest inventory work on the Slave River, Northwest Territories region. 2 Inuit guests attended the opening at Le Musée du Québec of the first major retrospective exhibit of Inuit prints. The exhibit was prepared jointly by the Department of Indian and Northern Affairs Canada and the National Museum of Man. It has already appeared in four Canadian cities and will tour other countries including the United States, Mexico, France, the Netherlands, Scandinavia, Egypt and Israel.

Counselling units are maintained by the Department in Ottawa and Winnipeg for the benefit of Inuit students attending schools, colleges and universities in the south. A program has been instituted to enable parents to visit children attending school in the south at least once every school year.

Vocational Training

Last year, 272 students from the Northwest Territories and 251 from the Yukon were enrolled in post-secondary school classes in the south, while 171 elected to take on-the-job training. The number of trainees includes all students enrolling or dropping out during the school year. The number taking this kind of training was slightly below the 1976-77 figure of 184, but attendance was better and the drop-out rate lower. There are usually approximately 100 students in training at any time during the year.

Another 101 students received training in trade schools through the Northern Affairs Program. Twenty-eight were enrolled in industrial preparation courses, 21 were training to become aircraft mechanics, 18 to be heavy equipment operators, 12 in film-making, and 10 to be diesel mechanics. Six were learning carpentry, four studying art, and two receiving instruction in recreational activities.

During the past three years, students taking vocational training have received experience in the construction of buildings in the north. They took part in the building of five staff houses in Watson Lake, Igloolik, and Rankin Inlet, and an office building at Shell Lake near Inuvik.

Economic Development

Eskimo Loan Fund

During the year, the Eskimo Loan Fund was increased to \$6.1 million for loans and \$2.9 million for grants and contributions. Established in 1953 as a revolving fund, it makes money available to Inuit individuals for business needs. Between April 1972 and December 1977 the fund had made 254 loans totalling \$5 290 607. About half this amount represented loans to Inuit co-operatives.

Small Business Loan Fund

Started by the federal government in 1970-71, the Small Business Loan Fund has been providing financing to entrepreneurs who have been turned down by regular lending institutions.

Near the end of the 1976-77 fiscal year, the governments of the Yukon and the Northwest Territories were invited to assume administration of the fund in their own jurisdictions. The Northwest Territories government accepted transfer of its portion effective April 1, 1977, but the Yukon government was still considering the proposal as the fiscal year ended. Since 1970, some \$1.7 million in loans have been issued in the Yukon; however, in 1977-78 only one application was received and processed.

3	Inuit women from Arctic Quebec receive funds from the Department of Indian and Northern Affairs Canada for an annual craft workshop in which older women teach traditional skills and new, quality craft items are developed for sale through the co-op system. Eleven co-ops in Quebec and 41 in the Northwest Territories approach \$20 million in sales per year.
4	An oil spill containment boom is deployed in an advance test of oil spill clean-up plans for the Beaufort Sea where off-shore drilling for oil is taking place under strict environmental controls. A contingency plan has been prepared for the unlikely event of a serious oil spill from the drilling.

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Inuit Co-operatives

New capital was injected into the growing Inuit co-operative movement in May 1977 when the federal government announced a multi-million-dollar, five-year self-development program. Inuit co-ops were given \$2.2 million in grants and \$6 million in loans and bank loan guarantees.

Over the five years of the program the government will provide the co-ops, through their federations, with a total of some \$15 million in grants, loans and loan guarantees. The money will be used to develop native management skills; implement a system of financial planning, inventory control and accounting procedures; and provide needed working capital. The grants will be divided between the Canadian Arctic Co-operative Federation and La Fédération des coopératives du Nouveau-Québec.

Northern Pipelines

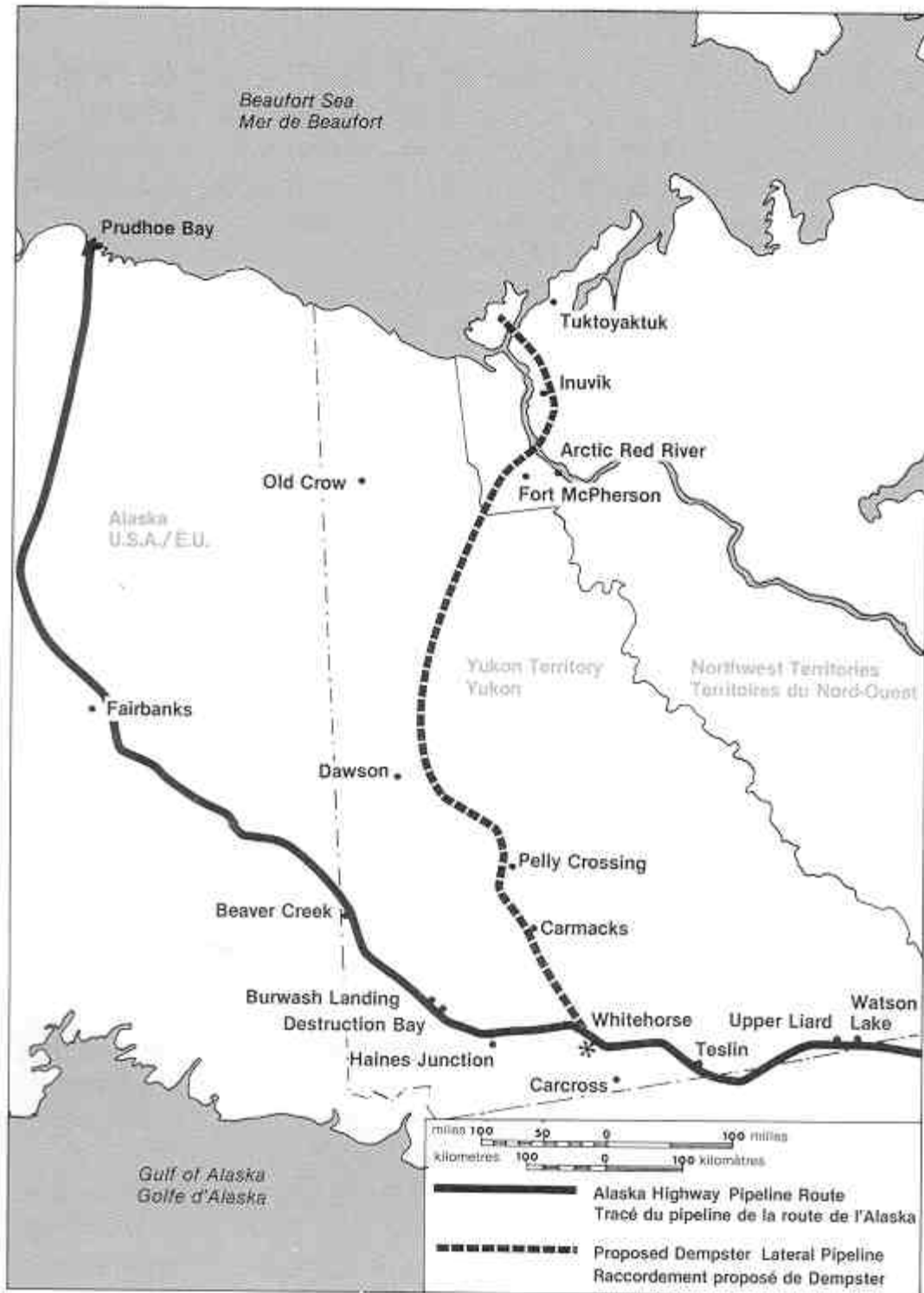
Major 1977-78 developments relating to pipelines in the Yukon and the Northwest Territories culminated, just after the end of the year, in the Northern Pipeline Act, which sets the stage for construction of the Alaska Highway pipeline by Foothills Pipelines.

In May 1977 Mr. Justice T.R. Berger submitted to the Minister of Indian and Northern Affairs Canada Volume One of the report of his three-year inquiry into the Mackenzie Valley pipeline to carry gas to southern markets from Prudhoe Bay, Alaska, and the Mackenzie Delta. He recommended against any pipeline across the northern Yukon and recommended a ten-year delay before pipeline construction along the Mackenzie Valley. Volume Two of the Berger study, containing terms and conditions to be applied to a pipeline in the Mackenzie Valley, was released in January 1978.

At the beginning of July, the National Energy Board decided against the application of Canadian Arctic Gas to build a pipeline across the northern Yukon and up the Mackenzie Valley to markets in southern Canada and the United States. Rather, the board favoured the application of Foothills Pipelines to build a pipeline across the southern part of the Yukon Territory and into British Columbia, Alberta, and Saskatchewan to carry Prudhoe Bay gas to markets in the southern 48 states. The board also favoured a Dempster lateral pipeline to tie in Canadian gas from the Mackenzie Delta region.

In the same general period, the Alaska Highway pipeline inquiry, established by the Minister of Indian and Northern Affairs Canada and chaired by Dean Kenneth Lysyk, conducted hearings in the Yukon regarding the social and economic impact of the Alaska Highway pipeline proposed by Foothills. Dean Lysyk and his associates reported early in August that they considered the project to be feasible, provided that particular measures were implemented to mitigate social and economic impacts and to make available certain benefits.

The route of the Alaska Highway pipeline and of the proposed Dempster lateral pipeline.



Also in August, a debate in the House of Commons relating to the National Energy Board northern pipeline decision and focusing on all relevant reports, led to approval in principle of the Alaska Highway pipeline project and set the stage for negotiations between Canada and the United States. These negotiations, in which the Department was substantially involved, concluded with the signing of a pipeline agreement between the two countries on September 20.

During the winter and through to the end of the fiscal year, the Department contributed to governmental planning related to the Northern Pipeline Agency and the Northern Pipeline Act, and undertook preliminary drafting of terms and conditions to be imposed on the pipeline company in the Yukon.

The Northern Pipelines Branch was established in July 1977 to co-ordinate and manage the responsibilities of the Northern Affairs Program related to pipelines and other modes of hydrocarbon transportation in the northern territories. In addition to its role in the activities outlined above relating to the Alaska Highway pipeline, this branch dealt with aspects of the Dempster lateral pipeline proposal, the Polar Gas pipeline project (partial application filed in December 1977), and the Arctic pilot project to transport gas from Melville Island using LNG tankers. The branch also provided management for the inter-departmental Environmental-Social Program, Northern Pipelines, which in 1977-78 conducted environmental and socio-economic research into the Polar Gas pipeline and the Alaska Highway pipeline.

Northern Environment

The Northern Environmental Protection Branch completed planning for a four-year environmental study program in the eastern Arctic. Known as the Eastern Arctic Marine Environmental Studies (EAMES), and announced in October 1977, the study program is to be completed before approval can be given for exploratory drilling in the area.

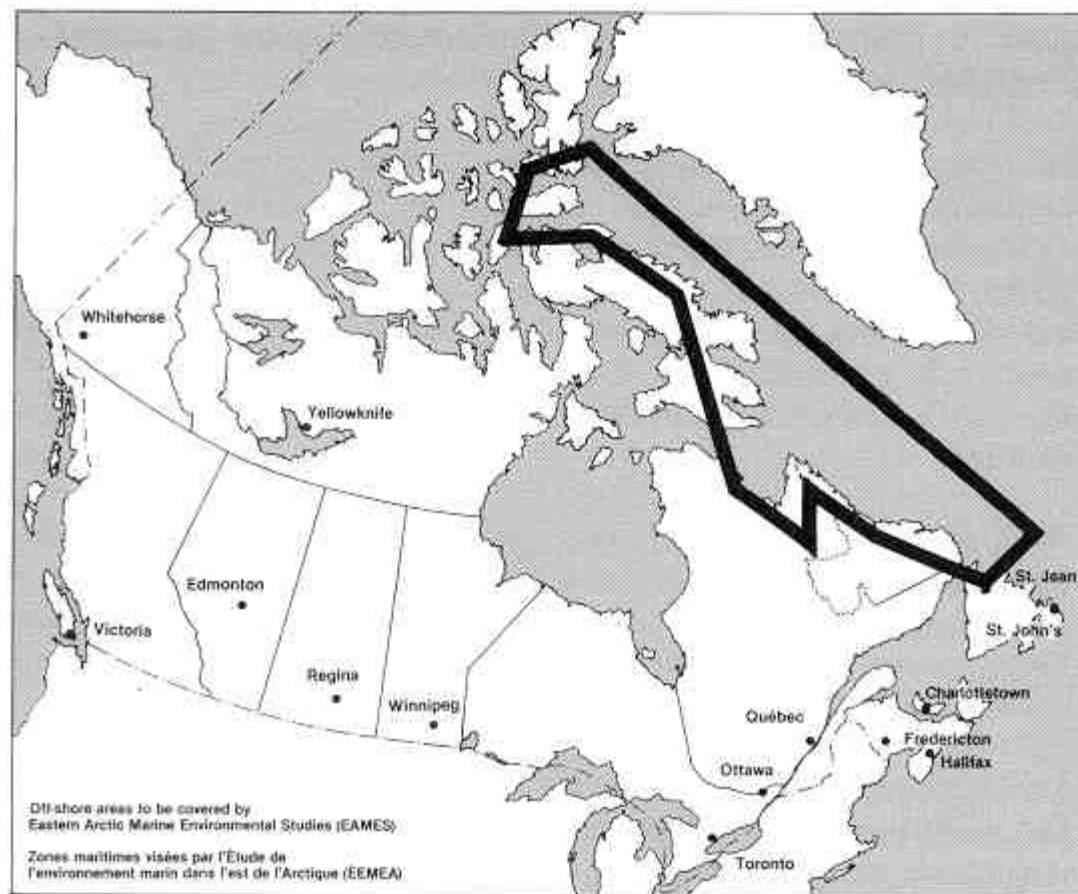
Some environmental studies were initiated prior to EAMES by companies specifically interested in the Davis Strait area. These were EAMES-type studies, planned in response to the Department's guidelines and subsequently integrated into the formal EAMES program.

The study area includes the potential petroleum-producing sedimentary basins along Baffin Island. The studies will cover all of Baffin Bay, Davis Strait and the eastern part of Hudson Strait, and Lancaster Sound. Ungava Bay and the coast of Labrador are also included, although they are under the control of Energy, Mines and Resources Canada.

The EAMES management committee directs the study program with input from the EAMES advisory board. The management committee is chaired by an Indian and Northern Affairs Canada official with representation from the government of the Northwest Territories, the departments of Fisheries and Environment Canada, Energy, Mines and Resources Canada, and the petroleum industry. The advisory board includes representatives from 10 communities in the area along with four specialists with coastal and off-shore environment experience and two representatives from the petroleum industry.

EAMES is unique in that: 1 It is the first time that environmental studies were required and initiated prior to granting approval to drill. 2 It involves northern residents both functionally in the conduct of the studies and in the planning stage via the advisory board. 3 It is the first time that a study will be done of the potential effects of exploration on a broad regional ecological basis rather than on a site-specific basis. 4 The major portion of the studies is funded by the petroleum industry.

The unique \$13 million EAMES (Eastern Arctic Marine Environmental Studies) program, directed by government and paid hidden by industry, is looking at potential effects of off-shore oil exploration on a broad regional ecological basis. A board of eastern Inuit community representatives, assisted by four university scientists, advises government on the effectiveness of EAMES.



The object of EAMES is to supply a sufficient data base to provide an environmental impact statement for submission to the Federal Environmental Assessment and Review Process. Following EARP it will be possible to specify terms and conditions to be imposed on off-shore exploratory drilling operations in order to protect the environment and natural resources.

The Northern Environmental Protection Branch contributed, as a member of an inter-departmental committee, to the development of the initial draft of the environmental requirements for the Alaska Highway pipeline. As well, studies which continued under the ALUR (Arctic Land Use Research) program resulted in the completion of the Land Use Information Map Series for the Bathurst Inlet-Coronation Gulf area.

Revised Northern Land Transfer Policy

On March 3, 1978, the Minister announced a Revised Northern Land Transfer Policy. The new policy replaces, on an interim basis, the former Block Land Transfer Policy whereby significant blocks of land within and encompassing communities were transferred from federal to territorial government control. Transfers under the former Block Land Transfer Policy have been slowed or suspended in recent years because of native claims. The new interim policy restricts future land transfers (from federal to territorial control) to existing built-up areas within communities and to vacant lands on a parcel-by-parcel basis to meet essential community needs only. It recognizes that essential community development must continue while native claims are in progress.

Agriculture

In January 1975, the Minister announced a freeze on the disposition of territorial lands for hidden-scale agricultural enterprises, pending the completion of soil and climate studies and the development of an agricultural and land disposal policy in consultation with the territorial government. The freeze applied to both territories. The studies were completed in 1977-78 and the results made available to the territorial governments for agricultural policy development purposes. It is expected that agricultural policy development will be completed in 1978, after which the Department will formulate a land disposal policy appropriate to the territorial government policies and plans.

Land Management - Cottage Subdivision Program

In January 1975, a cottage lot subdivision program was introduced in the Yukon and Northwest Territories to control haphazard development, conserve waterfront lands, reduce speculation and improve administrative services to cottage lot applicants.

One hundred and eighty-nine and 54 lots have been leased in the Yukon and the Northwest Territories respectively. A further 150 lots in the Yukon and 70 in the Northwest Territories are planned for release to the public in the near future.

Comprehensive surveys have been undertaken in the Whitehorse, Faro, Ross River, Carmacks and Pelly Crossing areas as the basis for future development in the Yukon.

During 1977-78 an outdoor recreational study was conducted in the Yellowknife region. The study revealed a demand for in excess of 500 lots. Similar studies are planned for the other, more populated regions of the Northwest Territories.

Inventory programs to identify prospective cottage sites and development planning are continuing in both territories.

Baker Lake Land Freeze

In March 1977, the former Minister, Mr. Allmand, announced that new prospecting permits and land use permit applications, for operations proposed within a 78 000-km² area around Baker Lake, would be deferred for one year. This was to enable a study to determine the effects of resource exploration on traditional pursuits and recommend appropriate constraints on exploration.

A number of objections to the study findings were expressed by the various mining industries as well as the Hamlet of Baker Lake Council, the Inuit Tapirisat of Canada and the Hunters and Trappers Association, specifically with regard to the caribou herds.

To alleviate a number of these objections, the Department intends to develop an effective monitoring program in collaboration with the government of the Northwest Territories, the Canadian Wildlife Service and the Inuit to ensure that land use activities do not interfere with the caribou, and to enable better definition of the boundaries of the caribou critical areas. The Inuit have been invited to help design and participate in the monitoring process.

Because the establishment of the land management zones and the implementation of the controls will take some time, the Minister has placed restrictions on land use activities for the 1978 exploration season to ensure the environmental conditions set out in the policy issued by the Department and supported by a federal court order are being applied.

Renewable Resource Management

Water

An extensive program was negotiated to develop studies of water and related resources in the Mackenzie River Basin, jointly funded over a four-year period to a total of \$1.1 million. On May 31, 1977 a "Memorandum of Understanding Respecting the Water Resources of the Mackenzie River Basin" was signed by the ministers of Indian and Northern Affairs Canada, Transport Canada and Fisheries and Environment Canada on the federal side, and by ministers from the provinces of British Columbia, Alberta and Saskatchewan. It is expected that the program will receive the approval of the governments in the form of a signed agreement and the first year of studies will start April 1, 1978.

Flood Damage Reduction

A national program to reduce flood damage was announced by the federal minister of Fisheries and Environment Canada in April 1975. The new program is intended to coordinate federal/provincial and territorial strategies by clearly defining flood risk areas and by following up with appropriate measures to limit damage to existing development. The agreements between the departments of Fisheries and Environment Canada and Indian and Northern Affairs Canada have been completed and should be signed shortly.

The mapping of Hay River, Northwest Territories, was undertaken during the 1977-78 fiscal year since the town has been flooded several times and the identification of lands that are safe from flooding is urgently required.

Forest Management

Forest industrial activities in both territories showed only minor changes from the previous years. The same mills produced a relatively constant volume from the same general area. Watson Lake is a major centre for lumbering activities in the Yukon while in the Northwest Territories all sawmill operations are located in the southern portion of the Mackenzie District.

Seasonal fire weather in the Yukon was similar to the previous year, with lightning accounting for 63 per cent of the total 126 fires.

In the Northwest Territories a complete reversal occurred with man-caused fires accounting for 63 per cent of the total 309 fires. Compared to 1976, 46 per cent more fires were suppressed; however, there was a 53 per cent reduction in burned areas, reflecting the relative ease of suppression due to the close proximity of many fires to settlements.

The Department employs a hidden number of local native people in seasonal work for fire suppression. The Northwest Lands and Forest Service contracted several native crews from a new territorial company. The Yukon Lands and Forest Service used 10 contracted smoke jumpers.

General Development Agreement

A major step toward a comprehensive approach to social and economic planning in the Yukon was taken in August 1977 when the federal government and the government of the Yukon Territory signed a five-year general development agreement, modelled on similar Department of Regional Economic Expansion agreements with the provinces. The agreement's purpose is to establish development programs to promote the viability and continued growth of the Yukon economy, and to develop programs which would improve the position of native people and other economically disadvantaged groups in the Yukon. The agreement provides for federal funding of projects that do not fall within existing assistance policies and programs, but which have been identified as significant development opportunities. The agreement also provides an opportunity for Yukoners to assume a greater role in the planning and execution of development projects in the territory.

As specific projects are identified, subsidiary agreements will be executed, covering cost-sharing and methods of implementing the desired activity. Such projects may be initiated by either the territorial or the federal government or jointly by both. It is hoped that the subsidiary agreements will co-ordinate existing federal and territorial programs in support of agreed projects.

The general development agreement is effective until March 31, 1982, but can be terminated by mutual consent at the end of any fiscal year, or extended beyond that date if both signatories so agree.

Transportation and Communications

By the end of the 1977-78 fiscal year the subgrade of the Dempster Highway was completed except for that part between km 408 and km 467, a section that lies south of the Northwest Territories and Yukon border. It is expected that the highway will be completed late in 1979. It will then be possible for vehicles to travel from the Mackenzie Delta to the Klondike Highway southeast of Dawson.

Road access to southern Canada will soon be a reality for residents of the lower Mackenzie River Valley via the 725-km Dempster Highway, Canada's first all-weather road across the Arctic Circle to the Klondike and Alaska highway systems.

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The federal government and the government of British Columbia agreed to complete the Liard Highway which will link the Mackenzie Highway, 73 km south of Fort Simpson, and the Alaska Highway near Fort Nelson. It is planned to complete the section in the Northwest Territories by the 1982-83 fiscal year.

Only the section of the Carcross-Skagway road adjacent to the United States border remained to be completed by the end of 1977-78. It is anticipated the road will be officially opened late in 1979. The section from km 56 to km 80 was initially built as a mine access road and will be reconstructed to the highway's 28-foot standard width by late 1980.

During the 1977-78 fiscal year, a study of specific economic development opportunities resulting from the Liard Highway was completed. In addition, evaluations were completed of a proposed highway between Inuvik and Tuktoyaktuk, and of resource access roads to potential mines of the Yukon Barite Company and Placer Development Limited in the Yukon Territory. The impact of the Carcross-Skagway highway on traffic carried by the White Pass and Yukon Railway was assessed, and a study of the impact of the proposed Yukon railway extension on the Yukon road system was completed. A major study was completed on transportation alternatives for communities and industries on Great Bear Lake.

During 1977-78 the Hire North Program continued to offer on-the-job training and employment for approximately 50 native northerners. This operation continued on the Mackenzie Highway until early November 1977 when construction of the highway was halted south of Wrigley. Hire North operations resumed early during the 1978-79 fiscal year when construction of the Liard Highway was initiated. The Hire North steering committee has been re-organized and is now composed of six native northerners and four government representatives.

The Yukon Native Construction Company was incorporated in January 1977 and was formed with the intention of unifying native equipment operators and other interested native individuals into a highway construction company capable of bidding on all types of road construction contracts.

To ensure that the company developed into a viable enterprise, the Department provided both financial and technical assistance in 1977-78. Since the Yukon Native Construction Company's inception, the company has successfully completed three contracts totalling \$250 000. The hiddenst contract, valued at \$170 000, was for reconstruction work on the Carcross-Skagway highway.

Northern Canada Power Commission

During the 1977-78 fiscal year, the Economic Analysis Division worked closely with the Northern Canada Power Commission to find ways to resolve the commission's serious financial difficulties. At the same time measures to ameliorate rising electricity costs to consumers were proposed.

Non-renewable Resource Management

Oil and Gas

Expenditures by industry on oil and gas exploration in both territories exceeded \$369 million during 1977-78, approximately \$50 million more than in 1976. Exploratory and development drilling expenditure increased to \$277 million (up 38 per cent), while total geological and geophysical expenditures decreased to \$56 million, a five per cent drop from the previous year.

The government's 1976 Joint (DINA/DEMR) Statement of Policy on Oil and Gas Legislation was partially implemented by further amendments to the Canada Oil and Gas Lands Regulations providing for, among other things, Petro-Canada's non-competitive acquisition of oil and gas rights to crown reserve lands and an option to acquire a working interest in special renewals of existing oil and gas permits. The long-standing restriction on the granting of oil and gas leases was removed. The legislation proposed in joint statement was tabled in December 1977 as Canada Oil and Gas Bill C-20.

The Department reviewed 1976 drilling operations in the Beaufort Sea and, from the reports of observers on the site and an analysis of results obtained and shortcomings noted, prepared measures to ensure even stricter control of 1977 and future operations. When operations began in midsummer 1977, the Department monitored these closely, with two engineers aboard each drillship to maintain 24-hour surveillance. Staff from both the Department and Fisheries and Environment Canada were appointed pollution prevention officers under the Arctic Waters Pollution Prevention Act to monitor those operations which might affect the environment.

A socio-economic agreement, covering all aspects of the drilling program in the Beaufort Sea, including employment and training of northern residents, the use of local services, and social and cultural considerations, was signed by the Minister of Indian and Northern Affairs Canada and Dome Petroleum on July 28, 1977. The terms of the agreement also applied to the company's wholly owned subsidiary, Canadian Marine Drilling.

As in 1976, and in keeping with the agreement's terms, the company funded the Beaufort Sea Advisory Committee, consisting of representatives from the seven communities most directly affected by the drilling program - Aklavik, Inuvik, Tuktoyaktuk, Paulatuk, Coppermine, Sachs Harbour, and Holman Island.

The company also agreed to include a clause in its contracts with sub - Contractors requiring them to give preferential treatment in hiring to qualified northerners, with first preference being given to applicants from the Beaufort Sea communities.

Detailed seismic work was carried out in the Mackenzie Delta by Gulf Oil Canada, Imperial Oil, and Petro-Canada Exploration. In the arctic islands, major seismic programs were continued on Melville and Cameron islands by Panarctic Oils, and in the inter-island areas on behalf of the Arctic Islands Exploration Group.

Mining

Mining maintained its position as the hiddenst industrial employer in the north, with 3 100 workers on the payroll. Five operating mines in the Yukon and eight in the Northwest Territories produced minerals with a value of \$427.5 million, up 37 per cent over 1976.

The value of mineral production in the Yukon rose 69 per cent over the previous year when the Anvil mine was on strike for about six months, to a total of \$209.7 million. Northwest Territories production reached a total of \$217.8 million.

The most recent mine to come into production was Northrim Mines Limited in the Northwest Territories. Producing silver, copper, and bismuth, the mine began production at 50 tons per day in October 1976. Nanisivik, Canada's northernmost mining operation, continued producing lead-zinc concentrate and providing alternative wage employment to Inuit from eastern arctic communities.

During the period under review, the townsite of Nanisivik and the wharf were completed; there is a minor amount of work left to be done to complete the roads and the airport. As of November 1, 1978, the total workforce at Nanisivik was 218 of which 43 were Inuit (20.9 per cent). From an operational point of view, the mine is doing well. Between February 1 and October 31, 1978, 452 773 metric tonnes of ore were treated in the mill, averaging 1.69 per cent lead and 13.46 per cent zinc, which yielded 102 173 metric tonnes of zinc concentrates and 10 062 metric tonnes of lead concentrates. During the 1978 shipping season, 132 146 metric tonnes of zinc concentrates and 11 304 metric tonnes of lead concentrates were shipped to smelters in Europe and the U.S.A. The M.V. Arctic, a Canadian ice-breaking cargo ship (partly owned by the federal government) was used for three voyages and carried 76 753 metric tonnes of concentrates to Antwerp, Belgium.

From a financial point of view, according to a statement of income provided by Nanisivik, during the first six months of the 1978-79 fiscal year the company made a net profit of \$1 006 000.

Mineral exploration continued in the two territories at a slightly higher rate than in 1976-77, with about \$42.5 million being devoted to this phase of the mining industry's operations.

In the Yukon, new discoveries of lead-zinc were made in the region of the Anvil mine, and attention was directed to the Pelly Mountains, MacMillan Pass, and the Wernecke Mountains, where both lead-zinc and uranium-bearing breccias were actively explored. The majority of claims in the Wernecke Mountains were staked for lead-zinc prospects. Copper exploration was down from previous years but uranium exploration assumed increased importance. In the Northwest Territories, where lead and zinc accounted for 77 per cent of the value of production in 1977-78, exploration for base metals was also actively pursued.

Little success was reported in the quest for uranium on Baffin Island and southeast of the Great Slave Lake area, but a number of uranium prospects were located in the Keewatin District, in the Dismal Lakes area of the Coppermine River, and in the northern part of the Great Bear area. Base metals prospecting continued in many parts of the Northwest Territories, but major exploration has been concentrated on drilling projects around Pine Point, on the Gayna River, and along the copper belt in the Mackenzie Mountains.

The Northern Affairs construction training program, directed by Ken Cannon (white jacket), trains up to five Inuit carpentry apprentices at a time. Now in its fourth year, the program has constructed nine houses, one office building and one garage for federal use in the Northwest Territories. Pictured with Ken are (from left to right): Moses Alaku, Sugluk, Quebec; Fred Lutz, Watson Lake, Yukon; John Alaku and Joanasie Saviaktuk, both of Sugluk.

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Operating Expenditures by Activity

...	Distribution of Operating Expenditures
Territorial and social development	...
Territorial affairs	\$537 662
Social development	1 119 086
ACND secretariat	322 411
Northern social research	1 186 932
Training and employment liaison	1 589 649
Northern Careers	1 629 726
Sub-total	\$6 385 466
Northern policy and program planning	...
Economic analysis	\$545 146
Pipeline co-ordination	2 032 684
Regional planning	203 533
Data management	292 853
Northern roads	11 762 168
Sub-total	\$14 836 384
Northern natural resources and environment	...
Land management	\$1 900 859
Forest resources	7 790 644
Environment	1 498 117
Water resources	1 276 150
Branch administration	2 412 171
Sub-total	\$14 877 941
Northern non-renewable resources	...
Mining	\$2 045 138
Oil and gas lands	300 337
Branch administration	110 898
Oil and gas resources evaluation	428 624
Oil and gas engineering	1 122 131
Sub-total	\$4 077 128
Program administration	\$7 882 270
Employee benefits	1 902 000
Net operating expenditure	\$49 891 189
Refunds of amounts credited to revenue in previous years	547 144
Total	\$50 438 333

Capital Expenditures by Activity

...	Distribution of Capital Expenditures
Territorial and social development	...
Territorial affairs	\$150 000
Social development	14 668
Northern social research	39 943
Training and employment	1 652
Sub-total	\$206 263
Northern policy and program planning Northern roads and airstrips	\$32 590 987
Sub-total	\$32 590 987
Northern natural resources and environment	...
Environment	\$19 525
Land management	126 406
Forest resources	1 303 570
Water resources	174 892
Branch administration	7 730
Sub-total	\$1 632 123
Non-renewable resources	...
Mining	\$127 042
Oil and gas lands	12 932
Branch administration	5 574
Oil and gas engineering	1 774
Sub-total	\$147 322
Program administration	\$1 661 939
Sub-total	\$1 661 939
Total	\$36 238 634

Grants, Contributions and Other Transfer Payments 1977-78

Grants	Expenditures (\$000s)
Territorial and social development	...
Indian and Inuit culture	28.0
Northern research and scientific expenditures	425.0
Government of the Northwest Territories - administration and operations of a small business loan program	750.0
Sub-total	1 203.0
Northern policy and program planning	...
Arctic Institute of North America for collection of scientific information on polar regions	150.0
Northern natural resources and environment	...
Chamber of Mines	33.0
Accident Prevention Association	3.0
Yukon Prospectors Association	1.0
Grants to prospectors	36.0
Yukon Conservation Society	3.0
Sub-total	76.0
Total	1 429.0

Contributions	Expenditures (\$000s)
Territorial and social development	...
Hospital care of Indians and Inuit (N.W.T.)	3 391.2
Hospital care of Indians and Inuit (Y.T.)	150.0
Medicare of Indians and Inuit (N.W.T.)	116.5
Medicare of Indians and Inuit (Y.T.)	109.9
Low income rental-purchase housing (Y.T.)	193.0
Native associations - claims research	109.6
Furthering economic development for Inuit	2 789.9
Native associations for consultation	65.3
Yukon Native Brotherhood to cover costs of remedial tutor program	126.5
Yukon government language enrichment	60.0
Yukon Indian futures planning	65.0
Government of the Northwest Territories to cover reduction in territorial recoveries	734.0
Government of the Yukon Territory to cover reduction in territorial recoveries	398.5
Yukon Association for Non-Status Indians	50.0
Northern policy and program planning Council for Yukon Indians	26.6
Public interest and native groups - Alcan Pipeline	46.6
Government of the Yukon Territory to cover costs of a northern pipeline research program	50.0
Government of the Northwest Territories Slave River sawmill	140.0
Yukon Native Construction Committee for the purpose of obtaining a professional program manager	30.0
Sub-total	293.2

Other Transfer Payments	Expenditures (\$000s)
Territorial and social development	...
Government of the Northwest Territories - operating grant	134 352.0
Government of the Northwest Territories - capital grant	49 092.0
Government of the Yukon Territory - operating grant	29 312.0
Government of the Yukon Territory - capital grant	11 606.0
Total	224 362.0

Loans, Investments and Advances

...	Expenditures (\$000s)
Territorial and social development	...
Yukon Territory small business loans	25.0
Loans to government of the Yukon Territory for capital projects and the making of loans to municipalities for capital projects	5 100.0
Loans to government of the Northwest Territories for capital projects and the making of loans to municipalities and school districts for capital projects	3 587.0
Loans to native claimants for the purpose of defraying costs relating to the research, development and negotiations of claims	3 221.0
Loans from the Eskimo Loan Fund	801.0
Total	12 734.0

Financial Assistance

Financial assistance to the governments of the Yukon Territory and the Northwest Territories during 1977-78

Financial Agreements	Yukon (\$000s)	Northwest Territories (\$000s)
Operating deficit grant	15 951.0	106 835.0
Grant in lieu of income taxes	13 361.0	27 517.0
Capital grant	11 606.0	49 092.0
Sub-total	40 918.0	183 444.0
Contributions	...	...
Hospital care of Indians and Inuit	149.9	3 391.2
Medicare of Indians and Inuit	109.9	116.4
Low income rental-purchase housing	193.0	...
Conversion of financing of hospitals Northern pipeline research program	...	...
Sub-total	452.8	3 507.6
Other transfer payments	...	...
* Small Business Loan Program	...	750.0
Sub-total	...	750.0
Loans	...	...
Loans for re-lending to municipalities and other third parties	5 100.0	3 587.0
Total	46 470.8	191 288.6
* The Northwest Territories component of the Small Business Loan Fund was transferred to the government of the Northwest Territories effective March 31, 1977 in accordance with an agreement between the Minister and the commissioner.	...	

Introduction

The Department's Administration Program provides policy direction and central advisory and administrative services to the three main programs outlined in this report - Parks Canada, Indian and Inuit Affairs, and Northern Affairs.

As well, the Administration Program funds the following groups: Public and Parliamentary Affairs, Personnel, Finance and Professional Services, Corporate Policy, Office of Native Claims, the deputy ministers office and the Minister's office.

Given the government's policy of restraint and the need to provide value for money, Finance and Professional Services has embarked on two major thrusts, namely, to improve the management of the financial resources of the Department, and to assist managers in the more efficient and effective use of these resources.

The assistant deputy minister of Finance and Professional Services, who is the senior financial officer of the Department and who is responsible to the deputy minister, is responsible for the quality, efficiency and effectiveness of the systems and processes of financial management and administration throughout all operations and programs of the Department.

Resource Planning and Analysis

The Resource Planning and Analysis Directorate was established in late 1977 to provide department-wide leadership in initiating, developing and implementing policies, systems and procedures which will improve the quality of financial management throughout the Department through improved allocation and use of resources.

In addition to advisory services to senior management on matters related to resource planning and use, the directorate co-ordinates the financial planning, budgeting and management reporting activities of the Department. Major projects undertaken to improve financial management included: a) in co-operation with Departmental Accounting Operations, the development of policies, procedures and a system for a new department-wide Budgetary Control System; b) the design and implementation of a departmental process for the preparation of financial plans, and c) the development of policies and processes for reviewing and deciding upon individual investments (for example, construction of schools or new park facilities).

Departmental Accounting Operations

The Departmental Accounting Operations Directorate is responsible for the development of accounting systems and the provision of accounting services throughout the Department.

The directorate is proceeding with the development of a financial system which will ensure fiscal integrity through the establishment of financial controls. The Budgetary Control System, developed for implementation in April 1978, provides a contemporary, advanced and innovative tool for the management of the Department's financial resources. The Budgetary Control System has improved the Department's control over parliamentary appropriations in order to meet the Minister's statutory obligations. In addition, work was begun on a new Chart of Accounts which is scheduled to be put into operation by April 1, 1979.

Engineering and Architecture

The Engineering and Architecture Branch has the functional responsibility within the Department for planning, design, procurement, technical operation of real property and other assets, and for contracting. The branch develops policies, standards and guidelines related to these areas of responsibility.

In addition, the branch represents the Department on a number of international, national and inter-departmental committees and task forces.

During the year, the branch's three-year work plan was started with emphasis on the development of policies, standards and guidelines, maintenance management and capital assets inventory systems, and on an energy conservation program.

Management Systems

To achieve the Department's objectives for management improvement, Management Systems Branch was established. This branch brought together the existing organizational units of Management Consulting Services, the Data Processing Division and Administrative Services Directorate. New organizational units created within this branch were the Information Systems Directorate and the Management Systems Review Directorate.

Management Systems Branch was given a mandate to provide leadership and direction to various projects designed to increase the efficiency and effectiveness of the Department and to install better mechanisms in measuring productivity and accountability. To this end a Departmental Management Improvement Committee has been established to co-ordinate the management improvement initiatives. The Finance Committee and Audit Committee perform similar functions in meeting the needs of financial and management improvement objectives.

A new Information Systems Directorate was established to provide appropriate corporate management of information systems. In view of the decentralized nature of the Department's operations and management functions, corporate information systems management, both in financial and other management information systems, has been given a high priority.

The Management Systems Review Directorate was established to provide the deputy minister and the Audit Committee with timely information on the effectiveness of management controls and financial and other information systems. The responsibility of this directorate includes providing departmental management with feedback on systems that can measure the value for money obtained by departmental expenditures. It is anticipated that the organization and staffing for this directorate will be completed during 1978-79.

Administrative Services

The Administrative Services Directorate provides centralized services and co-ordinates a variety of administrative services on all matters pertaining to accommodation, word processing, records, manuals and directives, the departmental library, security and materiel management. In February 1978 Accommodation Services undertook relocation of the Department headquarters from Ottawa to Hull. Word processing centres were completely re-organized and new text editing systems and equipment introduced to meet the increased work load. Work is progressing on plans to implement and maintain a cost-effective circulation system in the library and to offer increased services to field units. Materiel Management Division provides central direction throughout the Department on all materiel management responsibilities.

During a tour of the eastern Arctic the Hon. J. Hugh Faulkner took time out to chat with a young Inuit mother from Cambridge Bay.

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Public and Parliamentary Affairs

Existing facets of Public and Parliamentary Affairs Branch operations have been modified or expanded. In the editorial section, the French language editors have begun coordinating departmental publications. Public and Parliamentary Affairs Branch has incorporated a new research capacity, Communications Research.

Public and Parliamentary Affairs has also spearheaded a new multi-media approach to communications.

Intercom, the departmental newsmagazine has two new employee information outlets: Interim and Bulletin. Interim is a monthly background piece written in feature style and distributed to all employees and Bulletin is a broadsheet containing news briefs of current interest.

Corporate Policy

The Corporate Policy Group assists and advises the Minister, the deputy minister and other senior managers on broad policy questions, particularly those involving coordination among the operating programs. The Department's interests are served through special policy development assignments and representation on a wide range of departmental and inter-departmental committees, task forces and working groups.

Personnel

During the year, the Personnel Branch developed and implemented a departmental policy on Indian, Métis, non-status Indian and Inuit employment. The objective of the policy is to promote and encourage employment of these groups at all levels within the Department, particularly at middle and senior management levels. A senior coordinator was appointed in November at the departmental level to promote the program and oversee its implementation.

During 1977, the Department began the decentralization of the official languages functions to the four operational programs by creating Official Languages Co-ordinator positions and integrating these into the personnel structure of each program. Many of the functions assumed by the former Official Languages Branch became the responsibility of the coordinators.

An Official Languages Section remains at the corporate level as a component of the Personnel Branch to work on questions of general interest to the Department. In October 1977, Treasury Board issued its revised policies on official languages and the last months of 1977 were engaged in the implementation of these policies at the program level. Personnel Management Evaluation (PME) audits and investigations were conducted in every region of the Department. Areas in need of improvement have been identified and corrective actions taken.

The Department has initiated a counselling and referral service for all employees which is within the guidelines of Treasury Board's Employee Assistance Program, and which has the full support of managers and bargaining agents.

Regional Offices

Regional Offices

Parks Canada	Atlantic	Ontario	Trent-Severn Canal Office
...	Historic Properties	132 Second Street East	P.O. Box 567
...	Upper Water Street	P.O. Box 1359	Peterborough, Ontario
...	Halifax, Nova Scotia	Cornwall, Ontario	K9J 6Z6
...	B3J 1S9	K6H 5V4	...
...	Quebec	Prairie	Rideau Canal Office
...	1141, Route de l'Eglise	114 Garry Street	12 Maple Avenue North
...	P.O. Box 10275	Winnipeg, Manitoba	Smith Falls, Ontario
...	Ste-Foy, Quebec	R3C 1G1	K7A 1Z5
...	G1V 4H5	...	...
...	Western	Quebec Canal Office	...
...	134-11th Avenue S.E.	200 Churchill Blvd.	...
...	Calgary, Alberta	Greenfield Park, Quebec	...
...	T2G 0X5	J4B	2M4
Indian-Eskimo	Western Provinces Indian Minerals	...	...
Economic	112 - 11th Avenue, S.E.	...	...
Development	Calgary, Alberta	...	...
...	T2G 0X5	...	...
Indian and	Northwest Territories	Alberta	Ontario
Eskimo	5110A - 50th Avenue	C.N. Tower	Arthur Meighen Building
Affairs	3rd Floor, Gallery Bldg.	10004 - 104 Avenue	55 St. Clair Avenue East
...	P.O. Box 2760	Edmonton, Alberta	Toronto, Ontario
...	Yellowknife, N.W.T.	T5J 0K1	M4T 2P8
...	X1A 1C9	...	...
...	Yukon Territory	Saskatchewan	Quebec
...	Federal Building	MacCallum Hill Bldg.	1141, Route de l'Eglise
...	Whitehorse, Y.T.	1874 Scarth Street	P.O. Box 8300
...	Y1A 2B5	Regina, Saskatchewan	Ste-Foy, Quebec
...	...	S4P 2G7	G1V 4C7
...	British Columbia	Manitoba	Maritimes
...	P.O. Box 10061	275 Portage Avenue	77 Victoria Street
...	Pacific Centre Limited	Winnipeg, Manitoba	P.O. Drawer 160
...	700 West Georgia Street	R3B 3A3	Amherst, Nova Scotia
...	Vancouver, British Columbia	...	B4H 3Z3

...	V7Y 1C1	...	...
Northern	Northwest Territories	Yukon Territory	...
...	P.O. box 1500	Building 200	...
...	Yellowknife, N.W.T	Takhini	...
...	X0E 1H0	Whitehorse, Y.T.	...
...	Y1A 3V1	Technical	Northwest Territories
Prairie Provinces Engineering Division	Services	P.O. Box 1583	604 Federal Building
...	Yellowknife, N.W.T	101 - 22nd Street	...
...	X0E 1H0	S7K 0E1	...