



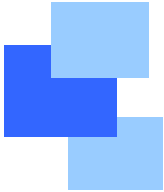
Indian and Northern
Affairs Canada

Affaires indiennes
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Indian and Northern Affairs Canada

Financial Overview

May 2010



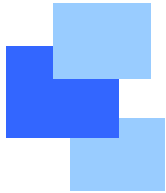
Contents

- Minister's Portfolio
- INAC Program Delivery Context
- Demographic Realities
- Geographic Realities – Small Communities
- Geographic Realities – Dispersed Communities
- Socio-Economic Realities
- Departmental Finances – 2010-11 Main Estimates
- 2010-11 Main Estimates by Sub-Activity
- Growth Rate for Indian and Inuit Programming
- Expenditure Trend – Cumulative % Change (1996-97 to 2010-11)
- Annual Estimates Cycle
- Major Cost Drivers
- Financial and Performance Management
- In Summary



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Minister's Portfolio (\$7.4 billion)

Indian Residential Schools Truth and Reconciliation Commission (\$15M) has a mandate to learn the truth about what happened in the residential schools and to inform all Canadians about what happened in the schools.

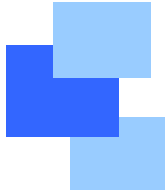
Canadian Northern Economic Development Agency (\$61M) helps provide the foundation for a prosperous economic future for those who live, work and support their families in the North. It's primary focus is the provision of integrated business services north of 60.

Indian and Northern Affairs Canada (\$7,301M) supports Aboriginal people (First Nations, Inuit and Métis) and Northerners in their efforts to improve social well-being and economic prosperity; develop healthier, more sustainable communities; and participate more fully in Canada's political, social and economic development to the benefit of all Canadians.

Registry of the Specific Claims Tribunal (\$3M) facilitates timely access to the Specific Claims Tribunal through client service, quality of advice, efficient and timely processing and unbiased service delivery; ensures the smooth and efficient functioning of hearings; promotes awareness and understanding of the *Specific Claims Tribunal Act* and related rules and procedures; safeguards the independence of the Specific Claims Tribunal by placing them at arm's length from the Government of Canada.

First Nations Statistical Institute (\$5M) provides First Nations and other stakeholders with timely, accurate, relevant, on-target and properly interpreted statistical information that supports program and policy development decisions and fiscal transfers relating to First Nations.

Canadian Polar Commission (\$1M) monitors polar knowledge in Canada and around the world; works with Canadian and international institutions to determine scientific and other priorities; encourages support for Canadian polar research information to Canadians and fosters international co-operation in the advancement of polar knowledge.



INAC Program Delivery Context

Highly decentralized with 10 regions

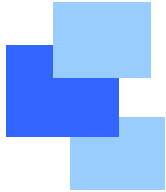
South of 60°

- About 80% of resources are used to fund programs delivered by First Nations community governments, Tribal Councils, etc.
 - Most funds are for basic provincial/municipal type services to individuals on reserve.
 - The federal government is committed to providing services on reserves comparable to those typically provided by the provinces.
 - Provincial standards guide program delivery leading to variability across regions.

North of 60°

- The Minister has Federal lead on North, including the Northern Strategy.
- The Department has a province-like role in water and oil and gas management and a federal-like role in social and economic development.
- Indian and Northern Affairs Canada manages land and resources in Nunavut and the Northwest Territories (Yukon is devolved).





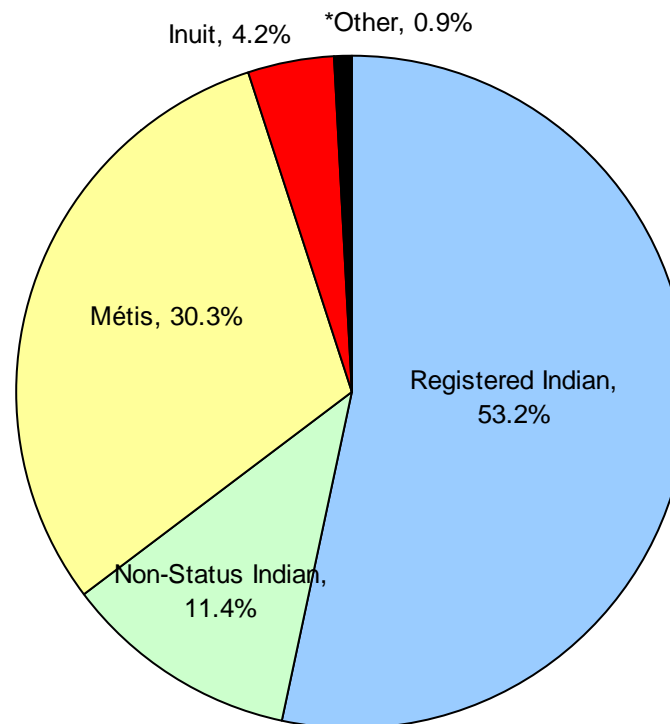
Demographic Realities

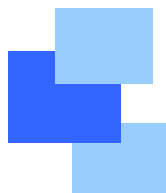
- According to the 2006 Census of Population, there are **1,172,785** Aboriginal individuals in Canada, representing 3.8% of the total Canadian population.
- Registered Indians account for over half of the Aboriginal population.
- In 2006, almost half (47.8%) of Aboriginal people were less than 25 years of age compared with almost one-third (30.7%) of non-Aboriginal people.
- Median age for Aboriginal people is 27 years, 13 years less than for non-Aboriginals (40 years).
- Total population of the territories approximately 101,000 and slightly over half are Aboriginal in 2006.

** Other refers to individuals who reported more than one Aboriginal group, and those who reported being a Band member with no Aboriginal identity and no Registered Indian status.*

Source: 2006 Census of Population, INAC tabulations.

Distribution of the Aboriginal Population by
Registration Status and Identity, Canada, 2006

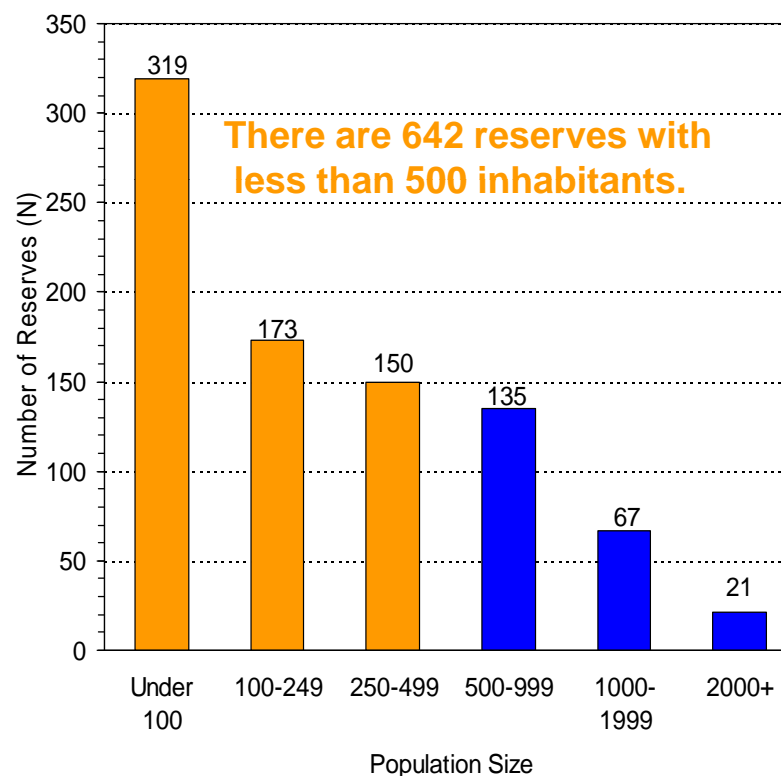




Geographic Realities – Small Communities

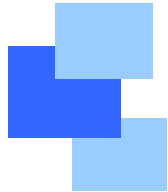
- According to the 2006 Census of Population, 75% of First Nations reserves have less than 500 inhabitants, the majority of which are located in British Columbia.
- First Nations reserves include legally defined Indian reserves, Indian settlements, other land types created by the ratification of Self-Government Agreements, and northern communities affiliated with First Nations.

First Nation Reserves by Population Size, 2006



Note: N=865 out of a possible 1,176 First Nation Reserves delineated by Statistics Canada in 2006. Not included are unpopulated reserves and reserves that have data quality issues for which population counts are not available.

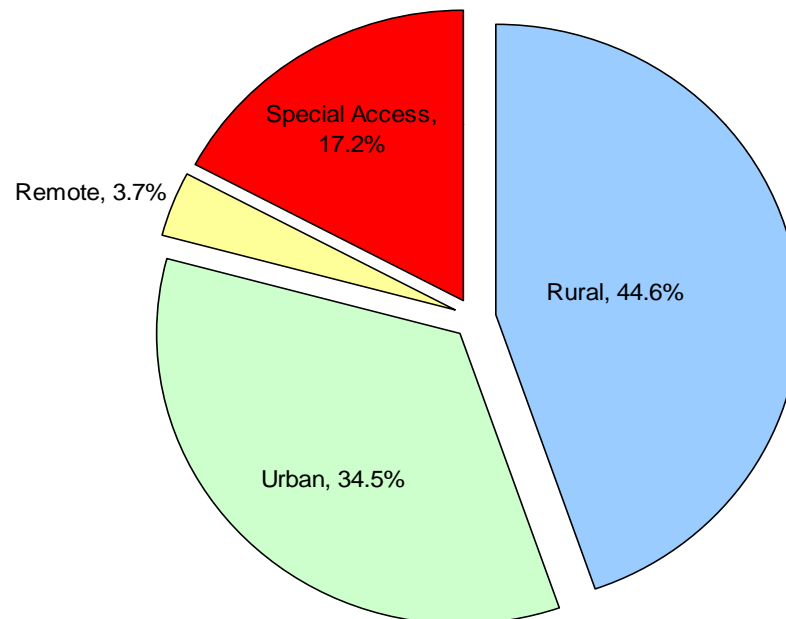
Source: Statistics Canada, Geosuite 2006.



Geographic Realities – Dispersed Communities

- In 2009, 65% of Registered Indians on reserve live in Department defined rural, special access, or remote zones, while nearly 35% live in urban zones.

On - Reserve Population by Geographic Zones, 2009



Notes:

Urban: The First Nation is located within 50 km of the nearest service centre with a year-round road access.

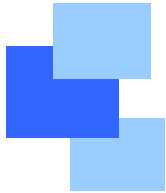
Rural: The First Nation is located between 50 and 350 km from the nearest service centre with a year-round road access.

Remote: The First Nation is located over 350 km from the nearest service centre with year-round road access.

Special Access: The First Nation has no year-round road access to a service centre and, as a result, experiences a higher cost of transportation.

Source: Indian Registrar Population by Geographic Zone, 2009

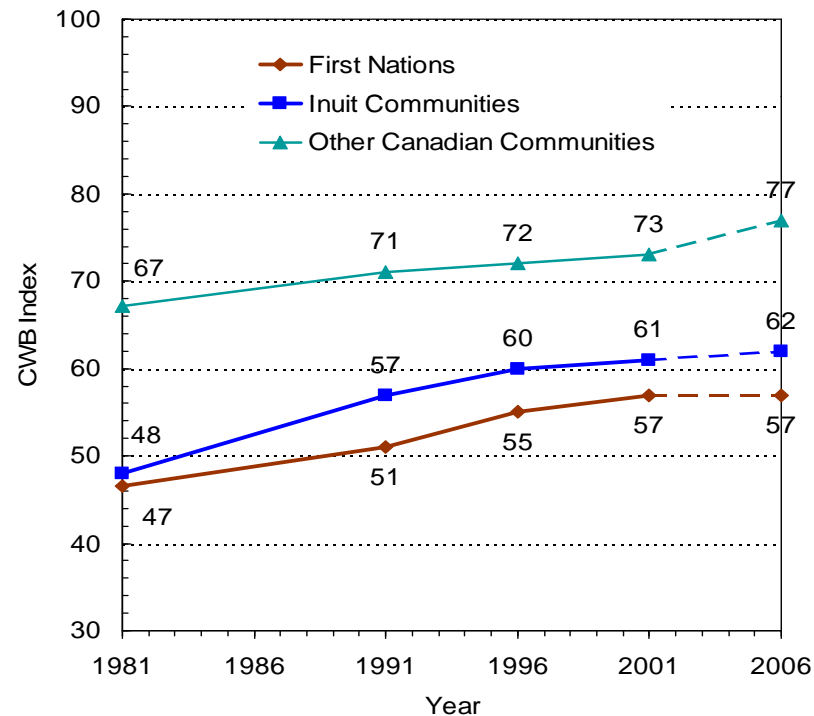




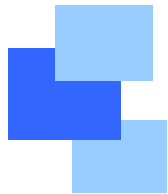
Socio-Economic Realities

- There has been progress over the last 25 years in improving the socio-economic conditions in First Nations and Inuit communities.
- A significant gap still exists in the socio-economic conditions of First Nations and Inuit communities compared to those of other communities.

Community Well-Being Index (CWB)
Average CWB Scores, 1981-2006



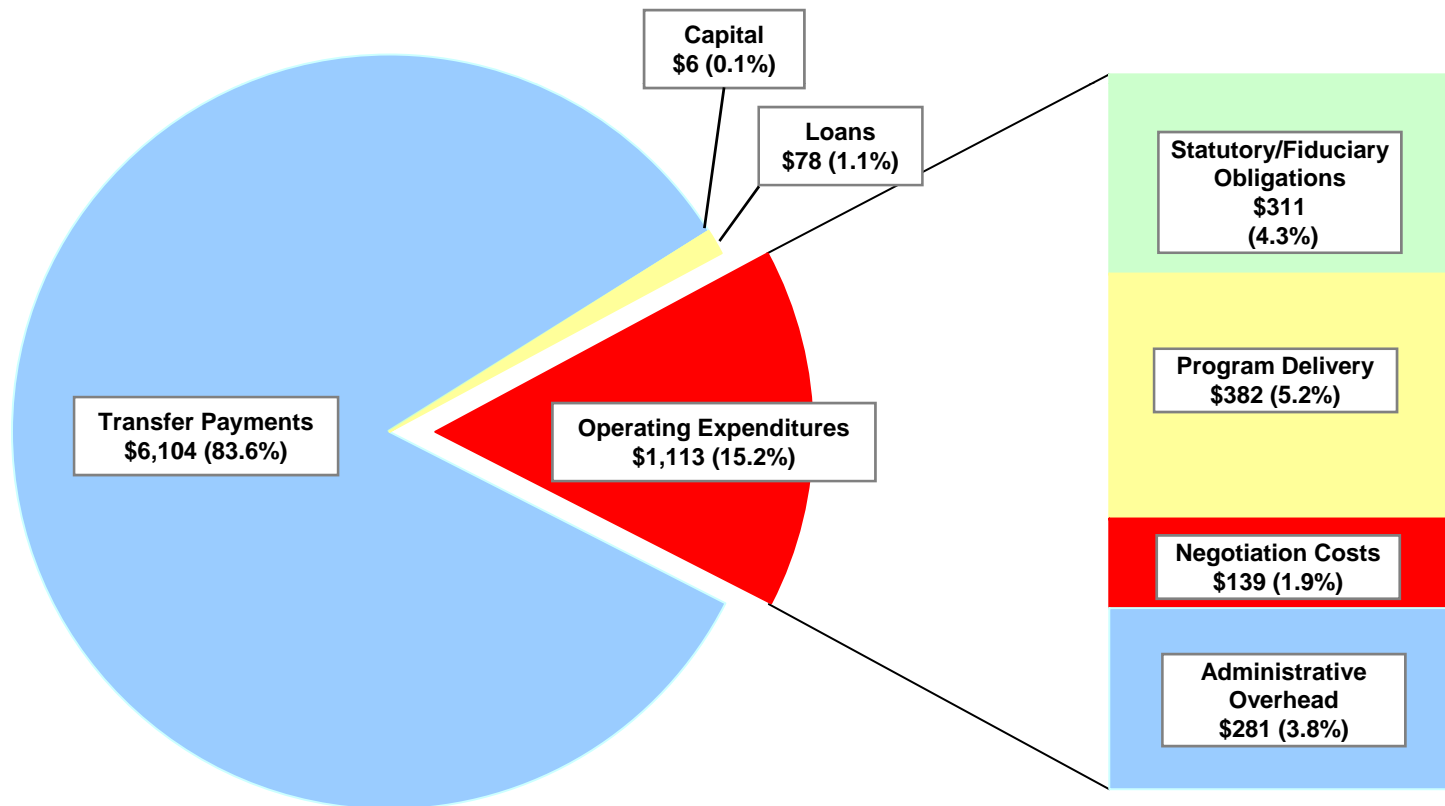
Source: Statistics Canada,
1981, 1991, 1996, 2001 and 2006 Census of Population.



Departmental Finances – 2010-11 Main Estimates

**Total Main Estimates
\$7,301 million**

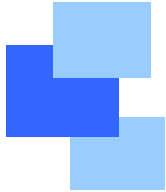
**Operating Expenditures
\$1,113 million**



Source: 2010-11 Main Estimates
Figures may not add due to rounding.

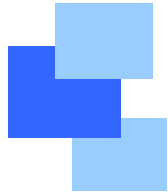
The Government	\$ 1,352.7	The People	\$ 3,515.5	The Land	\$ 155.0
Governance and Institutions of Government	652.3	Education	1,763.4	First Nations Governance over Land, Resources and the Environment	23.6
Sub-Activities		Sub-Activities		Sub-Activities	
• Supporting Governments	563.6	• Elementary and Secondary Education	1,118.0	• First Nations Land Management	17.1
• Institutions of Government	88.7	• First Nations and Inuit Youth Employment Strategy	24.1	• First Nations Oil and Gas Management	6.5
Co-operative Relationships	233.5	• Education Agreements	156.1	Responsible Federal Stewardship	112.7
Sub-Activities		• Special Education	132.4	Sub-Activities	
• Negotiations of Claims and Self-Government	211.6	• Post-Secondary Education	322.9	• Land and Resources Management	27.5
• Treaty Commissions	10.2	• Cultural Education Centres	10.1	• Oil and Gas Management	13.1
• Treaty Tables	0.1	Social Development	1,490.7	• Environmental Management	72.1
• Inuit Relations	0.7	Sub-Activities		Clarity of Title to Land and Resources	18.6
• Consultation and Engagement	10.9	• Income Assistance	797.8	Sub-Activities	
Claims Settlements	466.9	• First Nations Child and Family Services	547.7	• Comprehensive Claims Land Transfers	0.6
Sub-Activities		• Assisted Living	83.8	• Additions to Reserve	18.0
• Specific Claims	253.6	• Family Violence Prevention	29.3		
• Special Claims	0.9	• National Child Benefit Re-investment	1.3		
• Comprehensive Claims	212.3	• Family Capacity Initiatives	31.0		
		Managing Individual Affairs	261.3		
		Sub-Activities			
		• Registration and Membership	22.2		
		• Management of Band and Individual Moneys	0.5		
		• Estate Management	2.3		
		• Treaty Annuities	1.4		
		• Residential Schools Agreement	234.9		
The Economy	\$ 1,471.6	The North	\$ 412.7	Office of the Federal Interlocutor	\$ 28.2
Individual and Community Business Development	56.1	Northern Governance	17.9	Urban Aboriginal Strategy	13.5
Sub-Activities		Sub-Activities			
• Viable Businesses	43.8	• Political Development and Government Relations	17.0	Métis and Non-Status Indian Organizations Capacity Development	14.7
• Business Financing Institutions	12.3	• Circumpolar Liaison	0.9		
Community Investment	117.5	Healthy Northern Communities	101.4	Métis Rights Management	-
Sub-Activities		Sub-Activities		(Note: Funding for this Program Activity is currently in the renewal process)	
• Community Economic Strategies	55.0	• Hospital and Physician Services	48.3		
• Community Economic Institutional Capacity	62.4	• Food Mail	47.9		
Community Infrastructure	1,298.0	• Northern Contaminants Program	5.2		
Sub-Activities		Northern Land and Resources	293.5		
• Water and Wastewater Infrastructure	294.5	Sub-Activities			
• Education Facilities	330.5	• Oil and Gas	2.5		
• Housing	219.4	• Mines and Minerals	13.1		
• Community Infrastructure Assets and Facilities	450.0	• Land, Water and Environmental Management	16.8		
• Renewable Energy and Energy Efficiency	3.6	• Northern Resource Legislation, Policy and Planning	17.3		
		• Contaminated Sites	172.5		
		• Northern Science	65.4		
		• Climate Change	5.9		
		Internal Services (Note 1)	\$365.6		
Sub-Activities		• Resource Management Services	109.4	Asset Management Services	0.4
• Governance and Management Support	255.8				

Source: 2010-11 Main Estimates; additional details at sub-activity level extracted from departmental budget allocations. Figures may not add due to rounding.

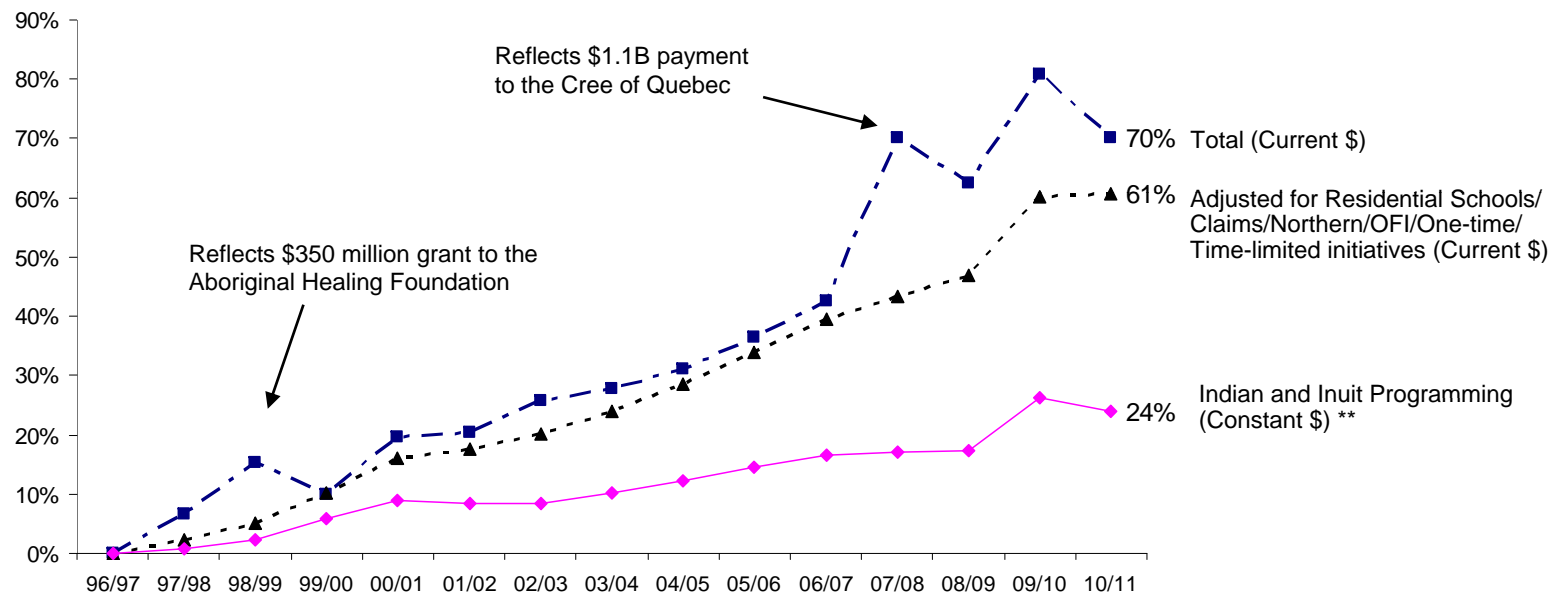


Growth Rate for Indian and Inuit Programming

- The department's approved annual growth rate for Indian and Inuit programming services remains at two percent.
- The overall annual growth rate, however, is larger due to significant investments made in priority areas through successive budgets since 2006 (e.g. education, women, children and families, water, housing and economic development).
- The department's forecasted expenditures for 2010-11 are over \$7 billion. Indian and Northern Affairs Canada, Health Canada and a number of other federal departments and agencies now spend more than \$11 billion each year to fund programs directed to Aboriginal people.
- As part of effectively managing its budget (of over \$7 billion), the department actively monitors resource pressures to ensure resources are aligned with priorities, including ensuring that demographic growth pressures and provincially set price increases in education and social development are met, as well as addressing pressures in other key areas.
- To address the pressures that arise from the two percent cap, the department will, when necessary, re-allocate funds from certain program areas to address pressures in other program areas particularly education and social development.



*Expenditure Trend – Cumulative % Change 1996–97 to 2010–11**



* 1996-97 to 2008-09 based on actual expenditures; 2009-10 and 2010-11 based on forecast and planned spending included in the 2010-11 Report on Plans and Priorities

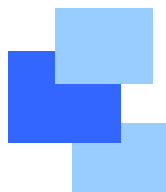
** Adjusted using Final Domestic Demand Implicit Price Index

Overall departmental expenditures have grown by about 70%, in current dollars since 1996-97.



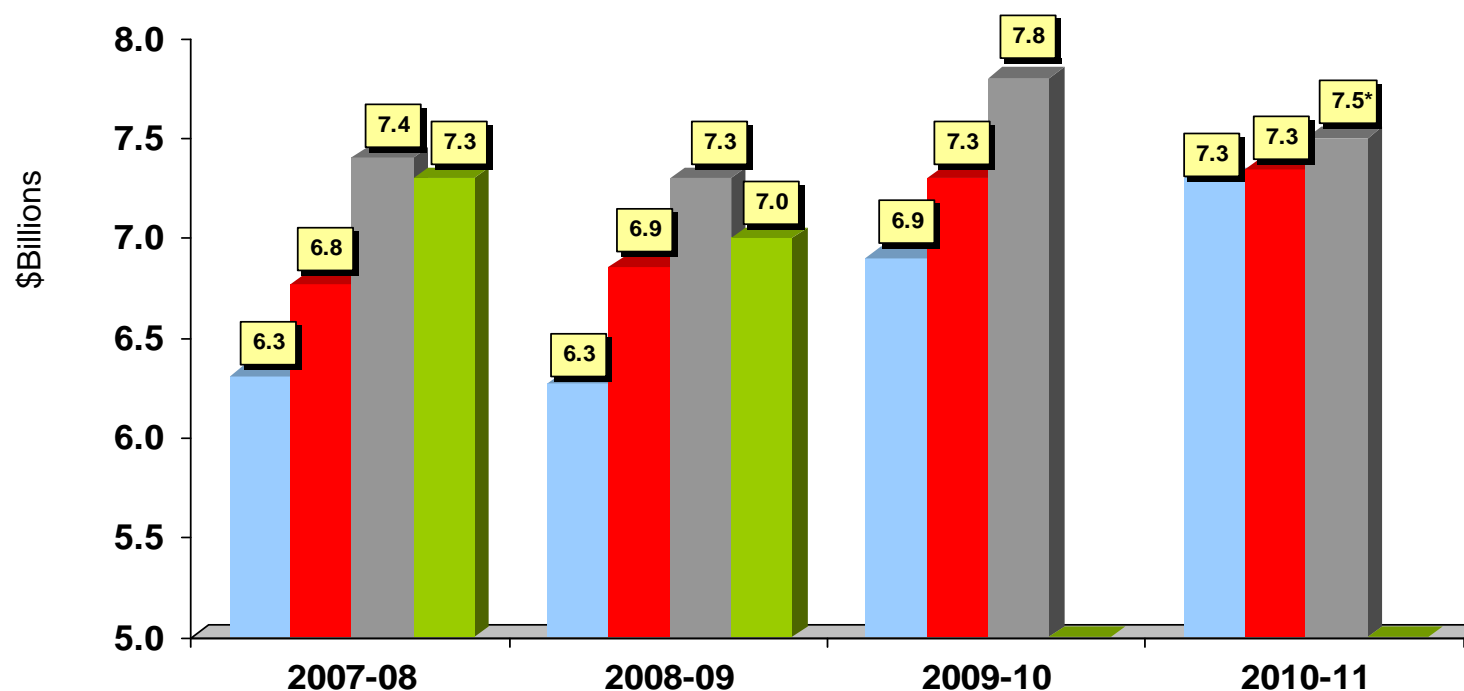
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Annual Estimates Cycle

- Main Estimates
- Report on Plans and Priorities
- Main + Supplementary Estimates
- Actual Expenditures

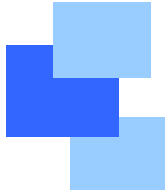


* Includes projected amounts for Supplementary Estimates A only.



13

Canada



Major Cost Drivers

Existing Federal Obligations

- Federal obligations in treaties and law (e.g. *Constitution Act, 1867* and *Indian Act*); and major court interpretations (e.g. Guérin, Sparrow, Marshall, McIvor).
- Settlement of outstanding litigation (e.g. residential schools).

Demographic and Inflationary Pressures

- Young, growing and highly dispersed population.
- Price and population have grown by about four percent annually versus 2 percent growth cap.

Policy Commitments

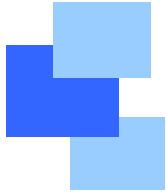
- To resolve and accelerate claims settlements; to provide comparable services to First Nations; to foster independence (e.g. Self-Government, Gathering Strength); education; economic development.
- Environmental and resource management requirements – particularly in the North.
- Economic growth and stability.

Claims, Treaties and Rights

- Growing awareness and recognition of Aboriginal and treaty rights.

Devolution Issues

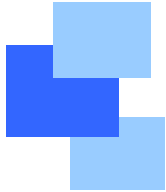
- Diseconomies of scale – community size and remoteness will impact cost of program delivery.
- Capacity at the community level to deliver programs effectively and efficiently.



Financial and Performance Management

The department has undertaken a number of initiatives to support stronger financial and performance management including:

- Extensive work on its Performance Measurement Framework;
- Performance measurement strategies for renewal of program authorities;
- The ongoing work of its Audit and Evaluation Committees;
- The work taking place through the implementation of the Policy on Transfer Payments to ensure funds transferred are managed with integrity, transparency and accountability;
- Implementation of the Chief Financial Officer Model embedding financial management advisors within sectors;
- Implementation of sectoral and regional resource plans;
- Rigorous oversight and review of ongoing resource utilization through monthly financial status reports;
- Prioritizing pressures through means of re-profiling, carry-forwards, and vote transfers.



In Summary

- There is significant horizontal activity in Aboriginal and Northern programs and services across the federal government.
- The department's overall funding is increasing due to significant investments made in priority areas through successive budgets since 2006.
- Spending is impacted by deeply embedded cost drivers such as demographics, inflation, comparability, devolution/self-government, etc.
- The department has a number of measures in place to strengthen financial and performance management.