



Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

BRIEFING NOTES
SUPPLEMENTARY ESTIMATES "C"
1987-88
INDIAN AFFAIRS AND
NORTHERN DEVELOPMENT

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1987-88
INDIAN AFFAIRS AND
NORTHERN DEVELOPMENT



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PRINTER'S PLATE

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Department—Indian and Inuit Affairs Program

	Previous Estimates \$	This Supplementary Estimate \$	Total \$
Budgetary			
Vote 5c—Indian and Inuit Affairs—Operating expenditures—To extend the purposes of Indian Affairs and Northern Development Vote 5, Appropriation Act No. 3, 1987-88			
(a) to increase from \$350,000,000 to \$575,000,000 the amount of loans that the Minister may guarantee pursuant to Indian Affairs and Northern Development Vote 5, Appropriation Act No. 3, 1972;			1
(b) to increase the amount of loans that the Minister may guarantee pursuant to Indian Affairs and Northern Development Vote 53b, Appropriation Act No. 1, 1970 to a level not to exceed at any time \$60,000,000 less the total amount of payments made to implement previous guarantees made under that authority;			2
(c) to repeal Indian Affairs and Northern Development Vote 5b, Appropriation Act No. 4, 1974; and			
(d) to repeal Indian Affairs and Northern Development Vote 5c, Section (b), Appropriation Act No. 4, 1985-86	235,595,000	1	235,595,001
Vote 10c—Indian and Inuit Affairs—Capital expenditures	42,528,000	850,000	43,378,000
Vote 15c—Indian and Inuit Affairs—The grants listed in the Estimates and contributions	1,513,617,000	26,242,890	1,539,859,890
Total Budgetary		27,092,891	
Non-Budgetary			
Vote L20c—Loans to native claimants	14,303,000	1,029,000	15,332,000
Vote L21c—Loans to the Council of Yukon Indians for interim benefits to the Yukon Elders		1,116,925	1,116,925
Total Non-Budgetary		2,145,925	
Total Program		29,238,816	

EXPLANATION OF REQUIREMENT	Person- Years	\$000s	
Loan guarantees for Housing			1
Loan guarantees for Economic Development			2
Indian claim settlements		4,605	3
Implementation of an Act to amend the Indian Act		9,676	4
Indian Child Welfare agreements		5,600	5
Program funding for self-government negotiations		4,000	6
Funding of test cases		2,128	7
Extension of the Resources Development Impact program		606	8
Amendment to the funding agreement with the Sechelt Indian Band		478	9
Supplementary loan to the Dene-Metis Association of N.W.T.		1,029	10
Extension of the Yukon Indian Elders program		1,117	11
		29,239	

EXPLANATORY NOTES

1. LOAN GUARANTEES FOR HOUSING - FROM \$350,000,000 to \$575,000,000

The Minister's authority to guarantee housing loans currently authorized at \$350M (of which \$17M has been allocated to guarantee loans made by the Farm Credit Corporation to native farmers) has been exhausted. The increase of \$225M in the loan guarantee authority will be sufficient to cover projected requirements for the next three years. This increased authority will enable the Minister to guarantee loans for the construction of approximately 4,000 on-reserve units over this period.

The Ministerial loan guarantees are necessary because provisions of the Indian Act (Sections 29 and 89.1) preventing the use of Indian lands as collateral, severely limits Indian access to conventional mortgages.

The Minister has guaranteed on-reserve housing loans since 1966. The overall default rate on the portfolio of loan guarantees has been less than 2% and is anticipated to continue at this level. A total of \$5.5M has been paid out since 1966 to cover defaults. Of this amount, 70% has been recovered through the negotiation of new repayment schemes. The remaining 30% has been deemed uncollectible and has been written off.

The Department received Treasury Board authority to request an increase in the loan guarantees in October, 1987. Consequently, inclusion of this item in Main Estimates for 1987-88 was not possible.

2. LOAN GUARANTEES FOR ECONOMIC DEVELOPMENT - FROM \$30,000,000 to \$60,000,000

The Guaranteed Loan Program was initiated in order to provide Indian businesses with access to conventional lending sources. The Program operates under terms and conditions approved by the Governor in Council. Indian businesses cannot readily obtain conventional financing because Section 89 of the Indian Act precludes Indian people from pledging their property as security for loans. All guarantees are approved on a case-by-case basis and there is a shared risk principle with the lender. On average, the Government of Canada guarantees about 75% of the value of all commercial loans approved under this Program.

Where possible, the Department encourages the use of guaranteed loans because it promotes non-government involvement in Indian business financing and increases access to capital for Indian businesses.

Vote L53b of Appropriation Act No. 1, 1970 authorized the establishment of a program of loans and loan guarantees for the purpose of assisting Indian economic development. Since its creation, Appropriation Acts have been used variously to increase the level of loan and/or guarantee and/or statutory default payment authorities. The purpose of this vote is to rationalize at a level of \$60,000,000 the combined amount of loan guarantees and statutory default payments authorized under this program.

As of November 17, 1987 the net free balance available for future guarantees was \$1,268,200. The requested increase from \$30M to \$60M is required to maintain guarantee lending activities through to 1997, based on projected demands on the program. Without this increase, the program would not be able to continue to meet the demand for guaranteed loans to Indian businesses.

3. SETTLEMENT OF SPECIFIC LAND CLAIMS - \$4,605,273

a. Settlement of the Chippewas of the Thames Indian Land Claim - \$2,693,350

Between 1819 and 1820, a series of agreements were concluded whereby the Chippewa Nation agreed to surrender a large tract of land. However, this surrender included a particular tract of land representing 192 acres which was subsequently erroneously patented to a third party by the Province of Upper Canada and in doing so, the agreement between the band and the Crown was breached. In January 1987 an agreement was reached to compensate the Chippewas of the Thames band for the 192 acres.

The resources amounting to \$2,693,350 are requested for the settlement of the Chippewas of the Thames specific claim. These funds include compensation, legal and negotiating costs. The settlement funds were not requested in the Main Estimates as agreement had not been reached at the time the Main Estimates were prepared.

The band must hold a referendum and approve the agreement before payment can be made. It is expected that this referendum will be held in the latter part of January 1988.

b. Settlement of the Parry Island Indian Land Claim - \$1,000,000

Agreements were negotiated among Canada, Canadian National Railway and the Parry Island Indian Band whereby the CNR sold, for \$850,000, 466.2 acres of land to the Crown. These lands were obtained by CN in 1896 and 1899 for railway purposes. These lands, together with another 40 acres also owned by CN, are to be returned to the Parry Island Reserve.

Canada paid the Parry Island Band \$150,000 to cover all claims and demands for damage, loss or injury resulting from loss of use of the lands, and for the band's negotiating and legal costs.

The Parry Island Band approved the settlement on April 13, 1987 and Canada fulfilled its obligation under the agreement in August 1987. The settlement funds were not requested in the Main Estimates as an agreement had not been reached at the time the Main Estimates were prepared.

c. Settlement of the Sheshaht Indian Land Claim - \$911,923

The payment of \$911,923 to the Sheshaht Indian Band fulfills Canada's financial obligation towards the specific land claim settlement agreement reached between the Band, the Province of British Columbia and Canada.

The overall agreement consists of the following:

- Federal cash compensation in the amount of \$650,000 for the loss of reserve lands, and \$261,923 for indexation accumulated since April 1, 1983;
- Compensation by the Province of British Columbia in the amount of \$25,000 plus the return to reserve status of unalienated land (30 hectares) plus the additional transfer to Canada of 114 hectares for the use and benefit of the Sheshaht Band, in lieu of cash compensation.

The payout of these funds and the setting aside of certain lands will resolve a dispute that has been outstanding for over 70 years.

The settlement funds amounting to \$911,923 were not requested in the Main Estimates as an agreement had not been reached at that time.

4. IMPLEMENTATION OF BILL C-31 - \$9,676,200

At the time Main Estimates were prepared in October 1986, the Department included \$28.0M in the Department's Main Estimates for 1987-88 for the purpose of Bill C-31. Program costs have generated a requirement for an additional \$9,676,200.

These funds will be spent for the purposes of:

	<u>(\$000'S)</u>
Post secondary education assistance	\$7,927.0
Elementary/secondary education	376.2
Social assistance	<u>1,373.0</u>
Total	<u><u>\$9,676.2</u></u>

5. INDIAN CHILD WELFARE AGREEMENT - \$5,600,000

In recent years, agreements were negotiated with provinces and bands as bands indicated their readiness to assume greater control in the design and delivery of on-reserve child and family services. These agreements represent an expansion of services and as such could not have been included in the Main Estimates; however, as agreements were concluded, the Department sought authority and funds for their implementation.

The \$5,600,000 requested is to provide funding for agreements with the Yellowhead (5 bands) and Nuu-Chah-Nulth Tribal Councils (14 bands) and Objibway Tribal Family Services Agency (14 bands), and for an amendment to the Canada-Manitoba-Indian Agreements (60 bands), and to Canada-Alberta-Lesser Slave Lake Indian Regional Council Child Welfare Agreement (9 bands).

The services covered by these specific agreements respond to the beliefs of Indian leaders and the social services professional community that community-based child and family services can more effectively address the cultural and psychological needs of Indian children and their families.

6. PROGRAM FUNDING FOR SELF-GOVERNMENT NEGOTIATIONS - \$4,000,000

The purpose of this request is to assist Indian and Inuit communities in the negotiation of new self-government arrangements, in accordance with the Cabinet decision on self-government initiatives of November 1985 and as reaffirmed in June 1987. It is intended also to complement the self-government initiative by allowing the department to proceed with the subsequent steps in the community based self-government process.

The resources requested will cover the costs of proposals in the framework stage of negotiations as well as those in the substantive stage which are more intensive, and therefore more costly.

The Treasury Board authority for the Minister to request additional funding for this purpose was received in June 1987 which was too late for inclusion in the 1987-88 Main Estimates submission.

7. FUNDING OF THE GITKSAN TEST CASE - \$2,127,876

The central issue of the Gitksan case concerns aboriginal title over approximately 56,980 square kilometres of north-west B.C. Test case funding is made available to recipients to ensure that all parties involved have the resources to independently develop their legal position.

As a result, funding amounting to \$2,127,876 is requested for the Delgam Uukw et al (Gitksan). The budget requests were reviewed and assessed by an independent assessor to ensure that the funding level is justified.

Funding is provided on the condition that the recipient's lawyers provide the Government of Canada with a written undertaking that they will complete the trial within these additional resources. Additional funding will not be provided for the trial stage of litigation.

Since the completion of the 1987-88 Main Estimates, it has become apparent that the preparation of the case involved greater complexities and examination of evidence than could have been foreseen. The Gitksan trial commenced on May 11, 1987.

8. EXTENSION OF THE RESOURCE DEVELOPMENT IMPACT PROGRAM - \$605,736

The authority for the Resource Development Impact Program expired at the end of the 1986-87 fiscal year. In March 1987, the Department was authorized to spend \$1,500,000 to extend the Program into the current fiscal year. This extension will enable funding of existing high priority projects. The department has identified \$894,264 from within existing departmental resources and is requesting supplementary resources amounting to \$605,736.

The Program was established to enable Indian/Inuit communities to respond to renewable, non-renewable and other developments and operations affecting their reserves, settlements and adjacent areas; specifically, to maximize positive economic and employment benefits and to assess adverse environmental, social and economic impacts and negotiate appropriate mitigation and compensation measures.

9. AMENDMENT TO THE FUNDING AGREEMENT WITH THE SECHELT INDIAN BAND - \$477,805

The funding is required in order to pay for additional items pursuant to Sections 33 and 34 of the Sechelt Indian Band Self-Government Act and the Funding Agreement of June 26, 1986.

Approval of these funds will permit the Sechelt Indian Band to assume responsibility for the elementary and secondary education and health services programs.

At the time the Main Estimates were prepared, no agreement had been negotiated yet between the Department of National Health and Welfare and this Department concerning the transfer of the health services functions to the Sechelt Indian Band.

10. SUPPLEMENTARY LOAN TO THE DENE-MÉTIS ASSOCIATION OF THE N.W.T. - \$1,029,000

Increase to the loan funds to the Dene-Métis was approved on April 30, 1987 to assist with added costs of accelerated negotiations, land identification and selection and ratification costs pertaining to the negotiated settlement of their comprehensive claims.

Of the additional \$1,029,000 requested, \$500,000 is committed for completion of Dene-Métis land identification and the remaining \$529,000 is for additional costs related to the Government's decision of April 30, 1987 to accelerate the negotiations.

11. EXTENSION OF THE YUKON INDIAN ELDERS PROGRAM - \$1,116,925

The Yukon Indian Elders Program (YIEP) was originally established in 1980 and provides for loans against land claim settlement monies to the Council for Yukon Indians (CYI) to allow monthly payments to Yukon Indian Elders whose participation in the benefits of a settlement would be diminished because of their age.

The present extension of the YIEP to September 30, 1990 was approved on May 14, 1987 thus could not be included in the Main Estimates (October 1986).

Supplementary Estimates in the amount of \$1,116,925 are required to extend the YIEP to March 31, 1988, thus allowing benefits to continue to the Elders and preserve a positive environment for the newly resumed negotiations. It will also serve as a continued gesture of good faith on the part of the Federal Government and confidence that a comprehensive settlement is now achievable in the Yukon.

PRINTER'S PLATE

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Department—Northern Affairs Program

	Previous Estimates	This Supplementary Estimate	Total
	\$	\$	\$
Budgetary			
Vote 35c—Northern Affairs—The grants listed in the Estimates and contributions—To authorize the transfer of \$3,613,799 from Indian Affairs and Northern Development Vote 25; and \$1,500,000 from Indian Affairs and Northern Development Vote 30, Appropriation Act No. 3, 1987-88 for the purposes of this Vote.....	31,653,500	1	31,653,501

EXPLANATION OF REQUIREMENT

	Person- Years	\$000s
Extension of the energy subsidy program in N.W.T.....	2,800	2
Canada/N.W.T. economic development agreement.....	784	3
Fur development program.....	520	4
Joint secretariat—Inuvialuit Renewable Resources Committees.....	311	5
Canada/Yukon economic development agreement.....	272	6
Contribution for the Northern Land Use Planning program.....	242	7
Contribution for the Inuit circumpolar conference.....	135	8
Increased grant to the Association of Canadian Universities.....	50	9
Gross Program Supplement.....		5,114
Less: Funds available from Votes 25 and 30 due to the transfer of the forest resources program and services to the territorial governments.....		5,114

OBJECTS OF EXPENDITURE

		\$000s
Transfer Payments.....	(10)	5,114
Less: Funds Available.....	(13)	5,114

EXPLANATORY NOTES

1. PARLIAMENTARY VOTE TRANSFERS - \$5,113,799

The transfers from Parliamentary Votes 25 and 30 to Vote 35 have been requested for the following reasons:

- The Department received Treasury Board authority to include a number of new initiatives in these Supplementary Estimates on condition that it absorbs the costs from within existing resources. Consequently, resources were made available from numerous activities within Parliamentary Vote 25 for this purpose; and,
- With the transfer of the forestry program to the NWT government, the Department is requesting the transfer of resources available in Votes 25 and 30 to Parliamentary Vote 35, Grants and Contributions, to fund new initiatives approved for the Northern Affairs Program.

2. NORTHERN ENERGY PRICE SUBSIDY PROGRAMS - \$2,800,000

The federal energy subsidy programs help reduce the cost of energy for private residents and for small commercial businesses in remote communities of the Northwest Territories.

- The Federal Power Support Program provides a cost reduction on the first 700 kilowatt hours of electricity consumed each month for non-government households in remote communities.
- The Commercial Power Rate Relief Program provides a subsidy on electricity used by small businesses up to a maximum of 1000 kilowatt hours per month.

Assistance through these programs is available only to consumers in communities outside Yellowknife. Yellowknife is used as the base for calculating the subsidy. The Home Heating Oil Subsidy Program was terminated in the Northwest Territories on March 31, 1987 due to the low participation rate and the general decrease in world oil prices in the last few years.

As a result of the transfer of the Northern Canada Power Commission assets to the Yukon Power Corporation, the subsidies in the Yukon Territory were terminated effective March 31, 1987.

3. CANADA/N.W.T. ECONOMIC DEVELOPMENT AGREEMENT (EDA) - \$784,000

The objective of the EDA program in the N.W.T. is to support the development of economic opportunities for northerners which will generate economic diversification. The EDA is the major source of federal economic development funding in the N.W.T.

The request for the supplementary resources is for the 1987/88 funding for the first year of the Canada/N.W.T. Economic Development Agreement (EDA) subsidiary agreements on Renewable Resources, Mineral Resources, Arts and Crafts and Applied Economic Planning. The subsidiary agreements and the financial arrangements were signed by the participating federal and territorial ministers on July 17, 1987. They were designed and negotiated jointly by the Government of the Northwest Territories and the Departments of Environment, Agriculture, Fisheries and Oceans, Energy, Mines and Resources, Regional Industrial Expansion, led by the Department of Indian Affairs and Northern Development, as a cooperative mechanism for addressing the economic development priorities of the N.W.T.

The EDA subsidiary agreements will maximize federal and territorial experience in the renewable resources, mineral resources, arts and crafts and applied economic planning sectors which have been identified as priorities.

The framework agreements (EDA) and the subsidiary agreements were not approved until July 1987 and, therefore missed the deadline for inclusion in the 1987-88 Main Estimates.

4. FUR DEVELOPMENT PROGRAM - \$520,000

The Fur Development Program, an expansion of the Humane Trapping Program has been established for several reasons, namely:

- To include economic development opportunities for natives and northern Canadians in the manufacturing and retail sectors of the fur industry; and,
- To provide core funding needed for key aboriginal organizations to establish solid self-financing operations to facilitate their participation in the fur industry.

The program will increase the involvement of natives and northern Canadians in the manufacturing and retail sectors of the fur industry. It will increase opportunities for training and employment, business development, and economic self-sufficiency for northern residents. The program will also provide for the establishment of infrastructure and offices needed to support Indigenous Survival International (Canada) and the Aboriginal Trappers Federation of Canada.

5. JOINT SECRETARIAT - INUVIALUIT RENEWABLE RESOURCES COMMITTEES - \$310,500

The purpose of the contribution is to provide support for the implementation and operation of the Environmental Impact Screening Committee and Review Board established pursuant to the Western (Inuvialuit) Claims Settlement Act.

The Department had previously been allocated Operations and Maintenance funds in Vote 25 in the amount of \$310,500 for 1987/88 for the operations of the Environmental Impact Screening Committee and Review Board and the Joint Secretariat, Inuvialuit Renewable Resources Committees.

The previous funding arrangement hampered the efficiency of the Screening Committee and Review Board because of time involved with government contracting procedures. To improve the operations and efficiency of the Screening Committee and Review Board, authority is being sought to transfer \$310,500 from Vote 25 to Vote 35, Grants and Contributions.

6. CANADA/YUKON ECONOMIC DEVELOPMENT AGREEMENT (EDA) - \$272,000

The request for \$272,000 increases to \$1,802,000, the 1987/88 funding for the Canada/Yukon Economic Development Agreement (EDA) subsidiary agreement on Economic Development Planning. It fulfills part of the plan to recover funds lapsed by the EDA subsidiary agreements in 1985/86 and 1986/87. The funds are still necessary to the subsidiary agreement programs which are key to the development of economic priorities in the Yukon. The subsidiary agreement currently has more project requests than there are EDA funds to support them.

The EDA subsidiary agreement was designed and negotiated jointly by the Government of the Yukon, the Departments of Indian Affairs and Northern Development, Fisheries and Oceans, Environment and Agriculture. The recovery of these funds is evidence that EDA is the cooperative mechanism for addressing the economic development priorities of the Yukon. The funds will be used to support subsidiary agreement programs which have already been evaluated as successful. The funding will also provide more communities with the opportunity to plan for the future. The Department is requesting a transfer of resources from its Operating Vote 25 to pay for this contribution.

The final assessment of the EDA lapses was finalized in late Spring 1987, which was too late for inclusion in the 1987/88 Main Estimates.

7. IMPLEMENTATION OF THE LAND USE PLANNING PROGRAM IN THE TERRITORIES - \$242,000

a. Implementation of Land Use Planning in the Yukon - \$132,300

An Agreement was signed on October 22, 1987, with the Yukon Territorial Government on implementation of the Northern Land Use Planning Program (NLUPP) in the Yukon.

The NLUPP is designed to improve management of land and resources in the north, and to resolve conflicting interests between parties who use the resources.

A comprehensive evaluation of the overall NLUPP will be undertaken for both territories and submitted to Cabinet and Treasury Board for approval of the program beyond 1989-90.

b. Contribution for Northern Land Use Planning, N.W.T. - \$110,000

The purpose of this request is to encourage the involvement of regional residents in the Northern Land Use Planning Program (NLUPP), instead of having the work done under contract by non-residents. Consequently, funds already appropriated under operating Vote 25 for the NLUPP in N.W.T. were made available to fund this contribution.

The increase of \$110,000 in the Parliamentary Vote 35 in 1987-88 will enable the recipients to participate in the NLUPP, and to undertake studies and participate in meetings, workshops and hearings to ensure that their interests are fully represented.

A comprehensive evaluation of the overall NLUPP will be undertaken for both territories and submitted to Cabinet and Treasury Board for approval of the program beyond 1989-90.

8. CONTRIBUTION FOR THE INUIT CIRCUMPOLAR CONFERENCE (CANADIAN REGIONAL OFFICE) - \$135,000

The Inuit Circumpolar Conference (ICC) is an international organization composed of Inuit from Alaska, Canada and Greenland. It was established in 1977 to promote the mutual interests of the Inuit of the three countries. The international office has been largely funded by the Alaskan Inuit from their oil revenues and by the Greenland Home Rule Government.

This organization supports research and development of policies on specific northern issues and backs the Canadian government in its assertion of full jurisdiction over arctic waters. In addition, having a non-governmental organization status, which it received from the United Nations in 1984, ICC Canada has been able to provide another strong voice in substantiating Canada's claim to arctic regions.

Until 1985, the Canadian regional office had been maintained at a basic level primarily through donations from the Makivik (Northern Quebec Inuit Corporation and Inuit Tapirisat of Canada). However, it had difficulty in maintaining its credibility or providing input into the decisions of the international organization because of inadequate funding levels.

In September 1985, the Minister received authority to provide funding to the ICC Canadian regional office for a period of three years starting in the 1985/86 fiscal year.

The funds being requested for this fiscal year, amounting to \$135,000, will maintain the Canadian regional office and assist the ICC Canada to meet its responsibilities to the international office; finance travel of Canadian Inuit to meetings; permit a fund raising campaign; and support Canadian Inuit research and development of policies on specific issues. Funds were made available within the operating resources of the Northern Affairs Program to offset this item. The level of resources required for ICC for 1987-88 had not been established at the time the Main Estimates were prepared.

9. INCREASED GRANT TO THE ASSOCIATION OF CANADIAN UNIVERSITIES FOR NORTHERN STUDIES - \$50,000

The Department has provided the Association of Canadian Universities for Northern Studies (ACUNS) with core-funding since its creation in 1977.

The increase of \$50,000 in the grant level from \$100,000 to \$150,000 is being sought in order to continue providing ACUNS with a secure funding base. This base becomes a tool used by ACUNS in their attempt to succeed in securing additional funds from private donors with confidence. Funds were identified from the Department's Operating Vote 25 to pay for this item.

ACUNS' mission is to advance northern scholarship through education, professional and scientific training, and research. It is compatible with and complementary to the objectives of the Department, to foster scientific and technological knowledge about the North. The Department benefits by being provided with access to and contact with the northern scientific and research community through ACUNS' sponsorship of symposia, its annual conference, its newsletter, its response for information on northern scholarship, and its provision of services through various committees dealing with northern scholarship issues.

The item could not be included in the Main Estimates since the source of funding from the Department's existing resources had not been determined at that time.

PRINTER'S PLATE

INDIAN AFFAIRS AND NORTHERN DEVELOPMENT

Department—Transfer Payments to the Territorial Governments Program

	Previous Estimates \$	This Supplementary Estimate \$	Total \$
Budgetary			
Vote 40c—Transfer Payments to the Territorial Governments—Transfer payments to the Government of the Yukon Territory listed in the Estimates	163,000,000	4,418,000	167,418,000
Vote 45c—Transfer Payments to the Territorial Governments—Transfer payments to the Government of the Northwest Territories listed in the Estimates—To authorize the transfer of \$7,190,601 from Indian Affairs and Northern Development Vote 25, Appropriation Act No. 3, 1987-88 for the purposes of this Vote and to provide a further amount of	534,000,000	29,811,700	563,811,700
Total Budgetary.....		34,229,700	

EXPLANATION OF REQUIREMENT

\$000s

Transfer of forest resources program to the N.W.T. Government	24,087	2
Provision of justice services under the Young Offenders Act	17,333	3
Gross Program Supplement	41,420	
Less: Funds available from Vote 25 due to the transfer of the forest resources program to the N.W.T. Government	7,191	1
	34,229	

OBJECTS OF EXPENDITURE

\$000s

Transfer Payments	(10)	41,420
Less: Funds Available	(13)	7,191
		34,229

TRANSFER PAYMENTS

\$

Other Transfer PaymentsTRANSFER PAYMENTS TO THE TERRITORIAL GOVERNMENTS

Government of the Yukon Territory in accordance with agreements entered into by the Minister of Finance with the approval of the Governor in Council on behalf of the Government of Canada, and the Commissioner of the Yukon Territory, the payments to the Government of the Yukon Territory to be calculated in accordance with such agreements, and to authorize interim payments to the Government of the Yukon Territory prior to the signing of the agreement for the current fiscal year (the amount payable under the agreement to be reduced by the aggregate of all interim payments for the current fiscal year)	4,418,000
Government of the Northwest Territories in accordance with agreements entered into by the Minister of Finance with the approval of the Governor in Council on behalf of the Government of Canada, and the Commissioner of the Northwest Territories, on behalf of the Government of the Northwest Territories, the payments to the Government of the Northwest Territories to be calculated in accordance with the agreements and to authorize interim payments to the Government of the Northwest Territories prior to the signing of the agreement for the current fiscal year (the amount payable under the agreement to be reduced by the aggregate of all interim payments for the current fiscal year)	37,002,301
	41,420,301

EXPLANATORY NOTES

1. PARLIAMENTARY VOTE TRANSFERS - \$7,190,601

The Department continues to follow a policy of transferring responsibility for the administration and delivery of services to the Territorial Governments. This results in the requirement to transfer funds amounting to \$7,190,601 to Parliamentary Vote 45, Transfer Payments to the Territorial Governments Program for the transfer of the forestry program to the N.W.T. government.

2. TRANSFER OF THE FORESTRY PROGRAM TO GNWT - \$24,087,301

The purpose of this transfer to the Government of the Northwest Territories (GNWT) is to allow the GNWT to assume responsibility for its forestry program the NWT. This transfer will enable the GNWT and the residents of the North to have direct control over the utilization of the forest resources and the protection against forest fires. It is in keeping with the federal government's approach to transfer responsibilities to territorial governments and is in accordance with the recommendations of the Ministerial Task Force on Program Review.

The Department has identified an increase of \$24,087,301 in the transfer payments to the N.W.T. government Vote 45, in relation to the transfer of the forestry program to the N.W.T.; however, this amount is offset by \$7,190,601 which is being transferred from the Northern Affairs Program Vote 25, for this purpose. The level of funding to be provided to GNWT was determined in March 1987 which was too late for inclusion in 1987-88 Main Estimates.

3. PROVISION OF JUSTICE SERVICES UNDER THE YOUNG OFFENDERS ACT - \$17,333,000

The Formula Financing Agreements between the Federal and Territorial Governments are the means by which the funding levels to the territorial governments are determined. They also provide for the transfer of funds that may be used to cover significant costs arising out of new federal initiatives that create new responsibilities for the Territories and are beyond their power to control or absorb.

The funds approved by Treasury Board, on May 28, 1987 are in response to proposals from the Territories for new and incremental operating costs and financial assistance for capital costs incurred as a direct result of the federal government's introduction of the Young Offenders Act.

The funds requested in the Territorial Governments Votes 40 and 45 are offset by an equivalent amount being frozen in the Department of Justice Vote 5.