



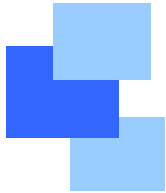
Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Indian and Northern Affairs Canada

2011-2012 Financial Overview

March 2011



Minister's Portfolio (\$7.4 billion)

Indian Residential Schools Truth and Reconciliation Commission (\$12M) provides an opportunity for those directly or indirectly affected by the legacy of residential school to share their experiences and inform Canadians.

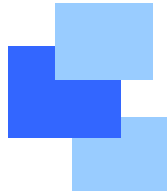
Indian and Northern Affairs Canada (\$7,368M) supports Aboriginal people (First Nations, Inuit and Métis) and Northerners in their efforts to improve social well-being and economic prosperity; develop healthier, more sustainable communities; and participate more fully in Canada's political, social and economic development to the benefit of all Canadians.

Registry of the Specific Claims Tribunal (\$3M) facilitates timely access to the Specific Claims Tribunal; ensures the smooth and efficient functioning of hearings; and 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, and relevant statistical information that supports program and policy development decisions and fiscal transfers relating to First Nations.

Canadian Northern Economic Development Agency (\$44M) helps provide the foundation for a prosperous economic future for those who live, work and support their families in the North. Its primary focus is the provision of integrated business services north of 60.

Canadian Polar Commission (\$1M) has a broad mandate related to promotion, development and dissemination of knowledge on the Polar Regions.



INAC Program Delivery Context

Highly decentralized with 10 regions

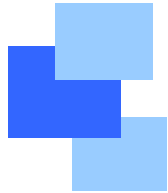
South of 60°

- 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 responsibilities for the 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).

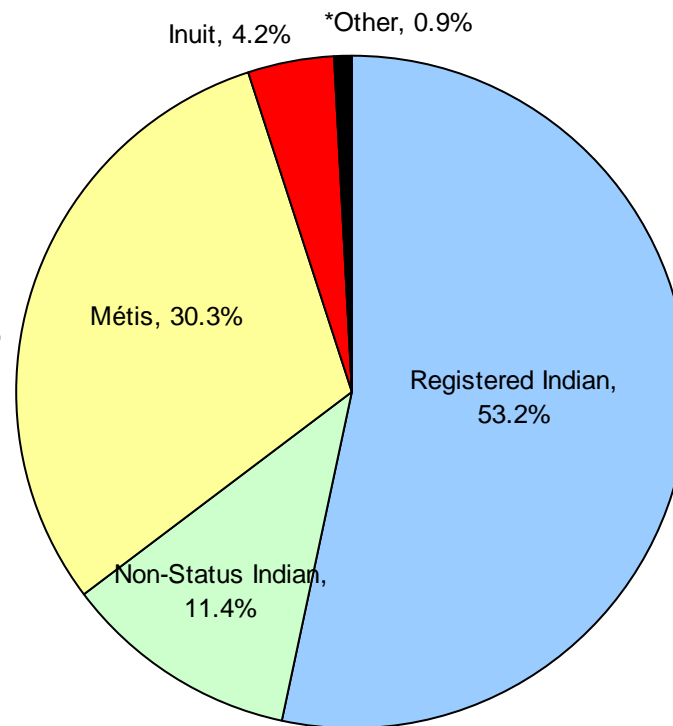




Demographic Realities

- 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.
- The median age for Aboriginal people is 27 years, 13 years less than for non-Aboriginals (40 years).
- The total population of the territories is approximately 101,000 - slightly over half are Aboriginal.

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

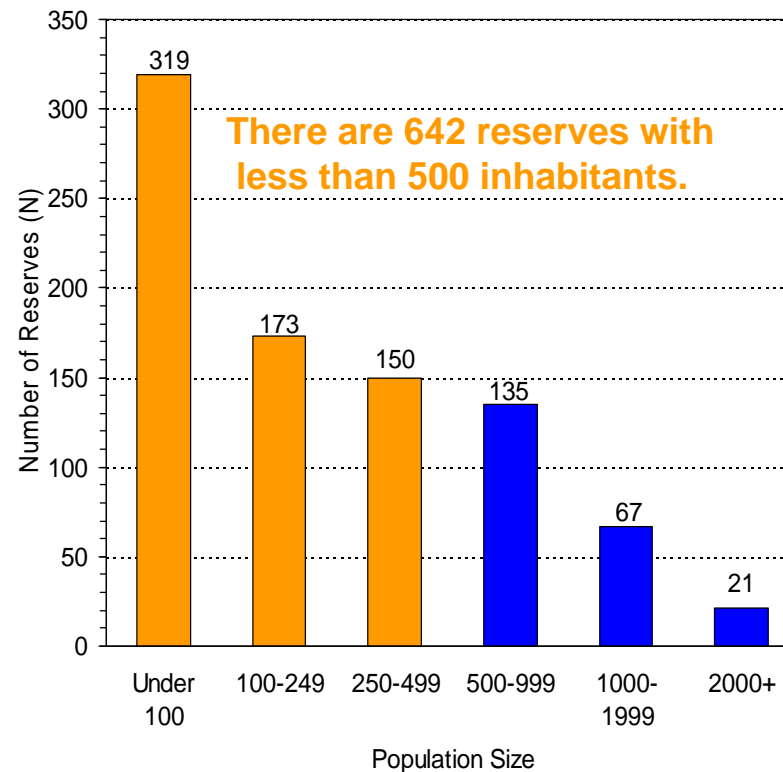




Geographic Realities – Small Communities

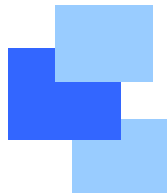
- According to the 2006 Census of Population, 75% of First Nations reserves have less than 500 inhabitants; the majority are located in British Columbia.
- First Nations communities include legally defined Indian reserves, Indian settlements, other land types created by the ratification of self-government 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 communities delineated by Statistics Canada in 2006. Not included are unpopulated reserves and 22 incompletely enumerated reserves that did not participate in the Census.

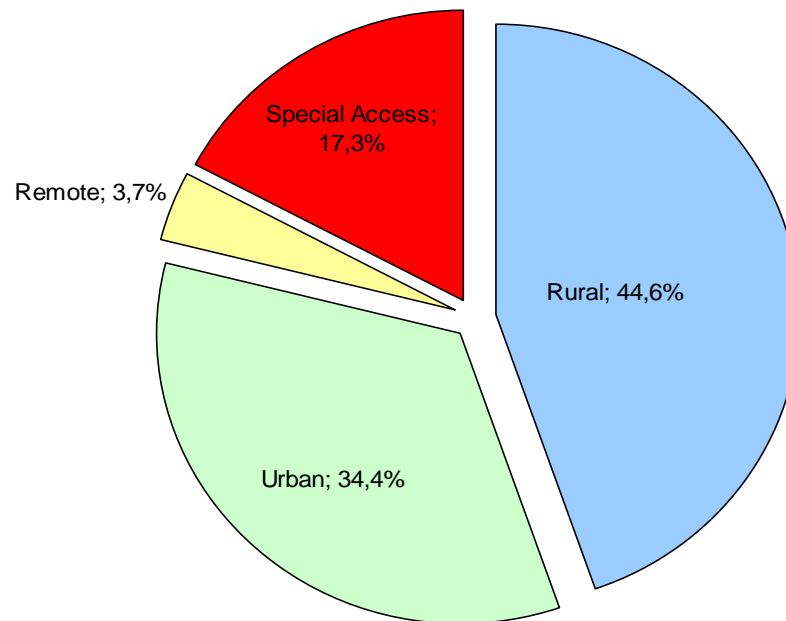
Source: INAC derived from 2006 Geosuite, Statistics Canada.



Geographic Realities – Dispersed Communities

On - Reserve Population by Geographic Zones, 2009

- As of 2009, 66% of Registered Indians on reserve lived in rural, special access, or remote zones; nearly 34% lived in urban zones.



Notes: Departmental Definitions

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 Register Population by Geographic Zone, 2010*

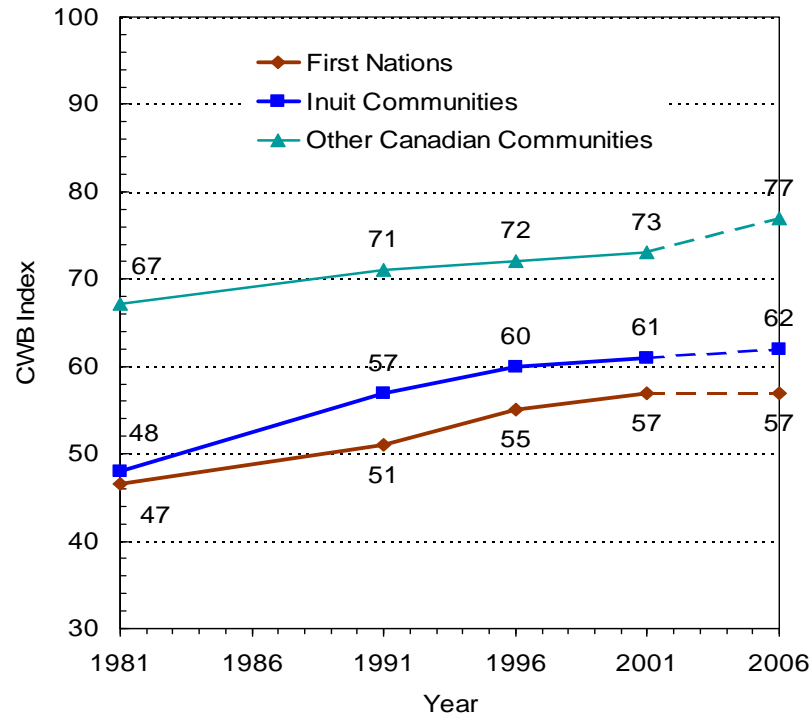




Socio-Economic Realities

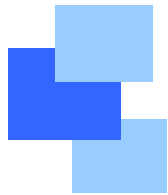
- There has been progress over the last 25 years in improving the socio-economic conditions in First Nations and Inuit communities.
- A significant gap still exists in the socio-economic conditions of First Nations and Inuit communities compared to those of other communities.

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

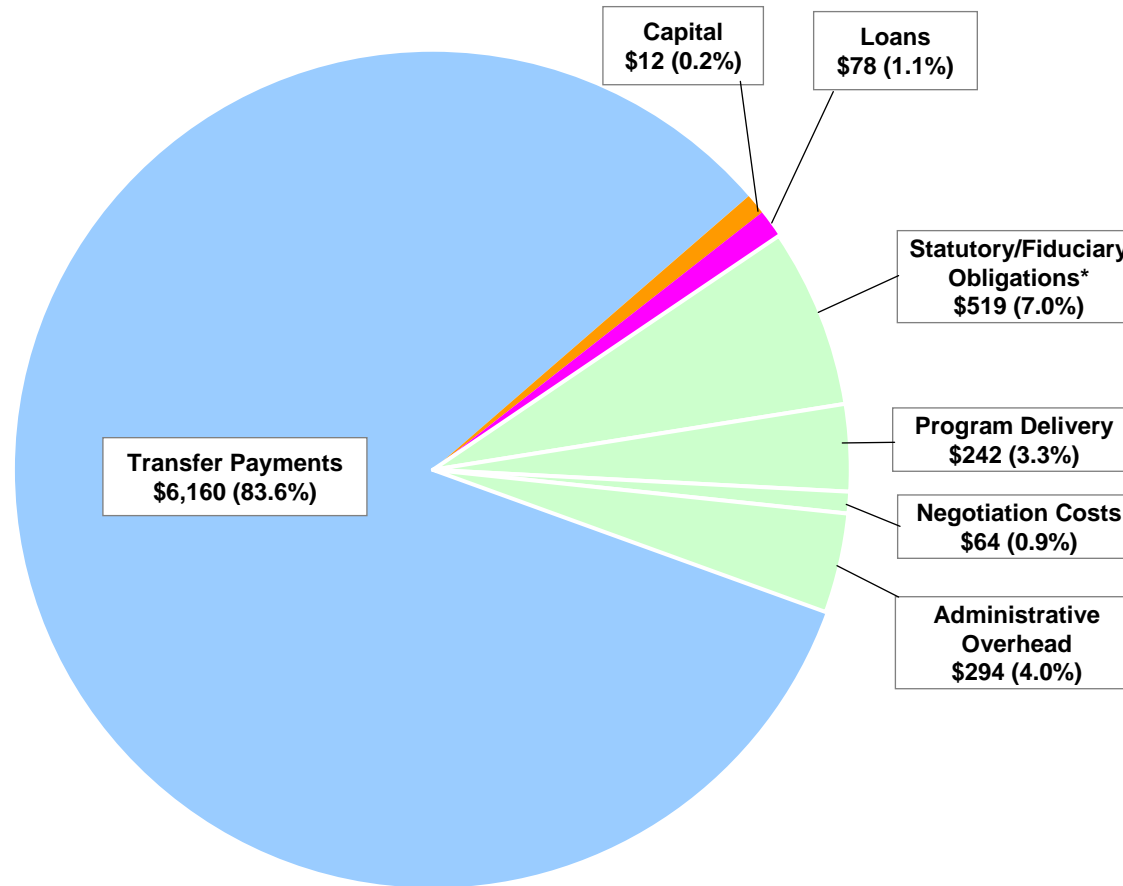


Source: Statistics Canada,
1981, 1991, 1996, 2001 and 2006 Census of Population.





Departmental Finances – 2011-12 Main Estimates Total \$7,368 million



* The major item in the \$519M is \$391M for obligations stemming from the Indian Residential Schools Settlement Agreement (comprised of \$360M for the Independent Assessment Process and \$31M in other support). Furthermore, of the \$519M, over \$300M is for direct payments to recipients including obligations stemming from the Indian Residential Schools Settlement Agreement, claims related obligations, Department of Justice costs, out-of-court settlements, etc.

Source: 2011-12 Main Estimates
Figures may not add due to rounding





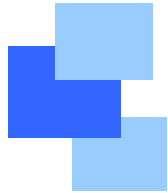
2011-12 Main Estimates by Sub-Activity

Total \$7,368 million

The Government	\$1,603.1	The People	\$3,634.8	The Land and Economy	\$1,500.0	The North	\$204.9	Office of the Federal Interlocutor	\$41.6
Governance and Institutions of Government	\$434.9	Education	\$1,657.2	Aboriginal Economic Development	\$250.0	Northern Governance and People	\$120.7	Urban Aboriginal Strategy	\$13.5
Sub-Activities		Sub-Activities		Sub-Activities		Sub-Activities			
• First Nation Governments	\$406.6	• Elementary and Secondary Education	\$1,297.0	• Aboriginal Entrepreneurship	\$55.5	• Political Development and Intergovernmental Relations	\$63.5		
• Institutions and Organizations	\$28.3	• First Nation and Inuit Youth Employment Strategy	\$24.1	• Activation of Community Assets	\$177.4	• Nutrition North	\$57.2	Métis and Non-Status Indian Organizations Capacity	\$16.1
Co-operative Relationships	\$478.9	• Post-Secondary Education	\$325.9	• Strategic Federal Investments and Partnerships	\$17.1	Northern Science and Technology	\$10.7	Métis Rights Management	\$11.9
Sub-Activities		• Cultural Education Centres	\$10.3	Federal Administration of Reserve Land	\$37.8	Sub-Activities			
• Negotiations of Claims and Self-Government	\$191.8	Social Development	\$1,564.4	Sub-Activities		• Northern Contaminants Program	\$5.2		
• Specific Claims	\$282.3	Sub-Activities		• Additions to Reserve	\$15.2	• Science Initiatives	\$5.4		
• Inuit Relations	\$2.9	• Income Assistance	\$817.1	• Environmental Management	\$22.6	Northern Land, Resources and Environmental Management	\$73.6		
• Consultation and Engagement	\$1.9	• National Child Benefit	\$1.3	Community Infrastructure	\$1,212.2	Sub-Activities			
Treaty Management	\$689.3	Reinvestment		Sub-Activities		• Oil and Gas	\$2.5		
Sub-Activities		• Assisted Living	\$83.8	• Water and Wastewater Infrastructure	\$336.2	• Mines and Minerals	\$14.5		
• Implementation of Modern Treaty Obligations	\$412.2	• First Nations Child and Family Services	\$632.8	• Education Facilities	\$276.6	• Contaminated Sites	\$21.9		
• Management of Treaty Relationships	\$276.2	• Family Violence Prevention	\$29.4	• Housing	\$145.8	• Land and Water Management	\$24.2		
• Management of Other Negotiated Settlements	\$0.9	Managing Individual Affairs	\$22.1	• Community Infrastructure Assets and Facilities	\$453.5	• Environmental Management	\$10.5		
		Sub-Activities		• Renewable Energy and Energy Efficiency	\$0.1				
		• Registration and Membership	\$17.8						
		• Management of Moneys	\$1.3						
		• Estate Management	\$1.6						
		• Treaty Annuities	\$1.4						
		Residential Schools Resolution	\$391.1						
		Sub-Activities							
		• Common Experience Payments	\$18.2						
		• Independent Assessment Process	\$360.2						
		• Commemoration	\$10.2						
		• Support to the Truth and Reconciliation Commission	\$2.6						
				Internal Services (Note 1)	\$384.0				
				Governance and Management Support	\$261.7	Resource Management Services	\$117.7	Asset Management Services	\$4.6

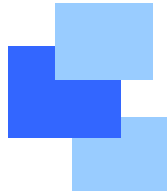
Note 1: Comprised of \$294 million for Administrative Overhead and \$90 million for Litigation Support.

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



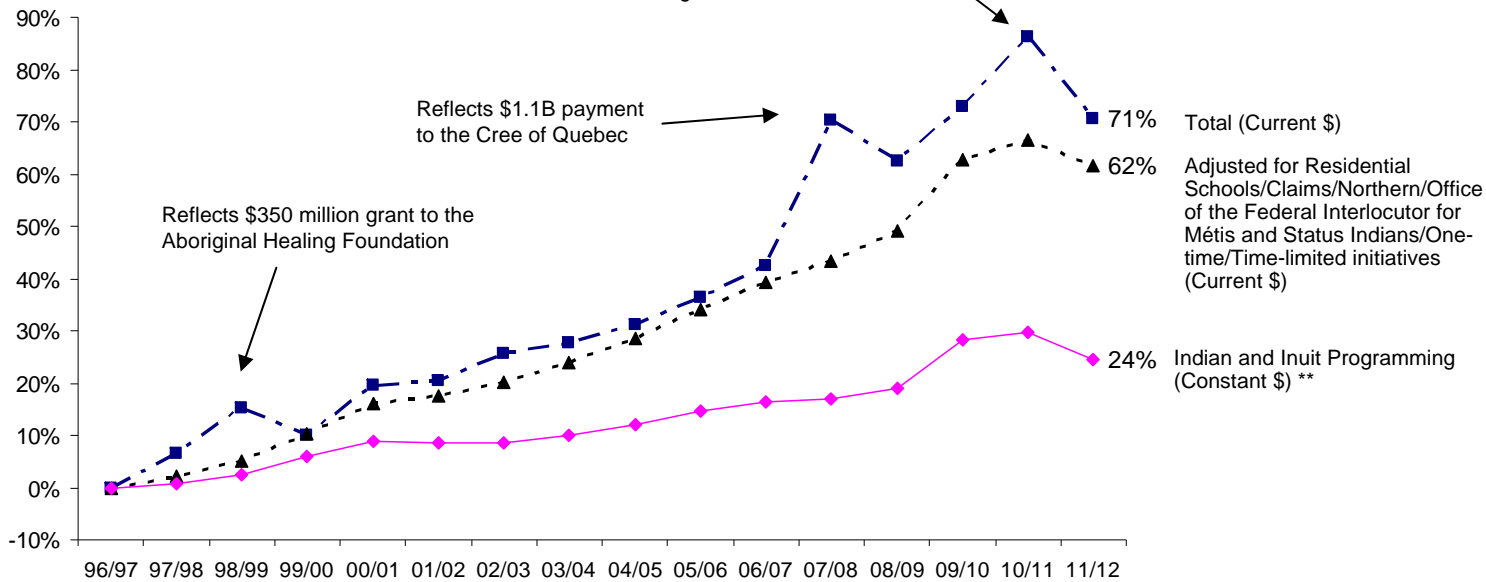
Growth Rate for Indian and Inuit Programming

- It is estimated that Indian and Northern Affairs Canada, Health Canada and numerous other federal departments and agencies now spend more than \$11 billion each year to fund programs directed to Aboriginal people.
- The department's forecasted expenditures for 2011-12 are over \$7 billion.
- 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).
- As part of effectively managing its budget, 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.
- 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 2011–12*

Reflects increases totalling about \$0.9 billion, primarily for the settlement of specific claims, investments in Canada's Economic Action Plan and awards to claimants related to the Indian Residential Schools Settlement Agreement

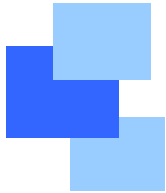


* 1996-97 to 2009-10 based on actual budgetary expenditures; 2010-11 based on current forecast; 2011-12 based on Main Estimates

** Adjusted using Final Domestic Demand Implicit Price Index

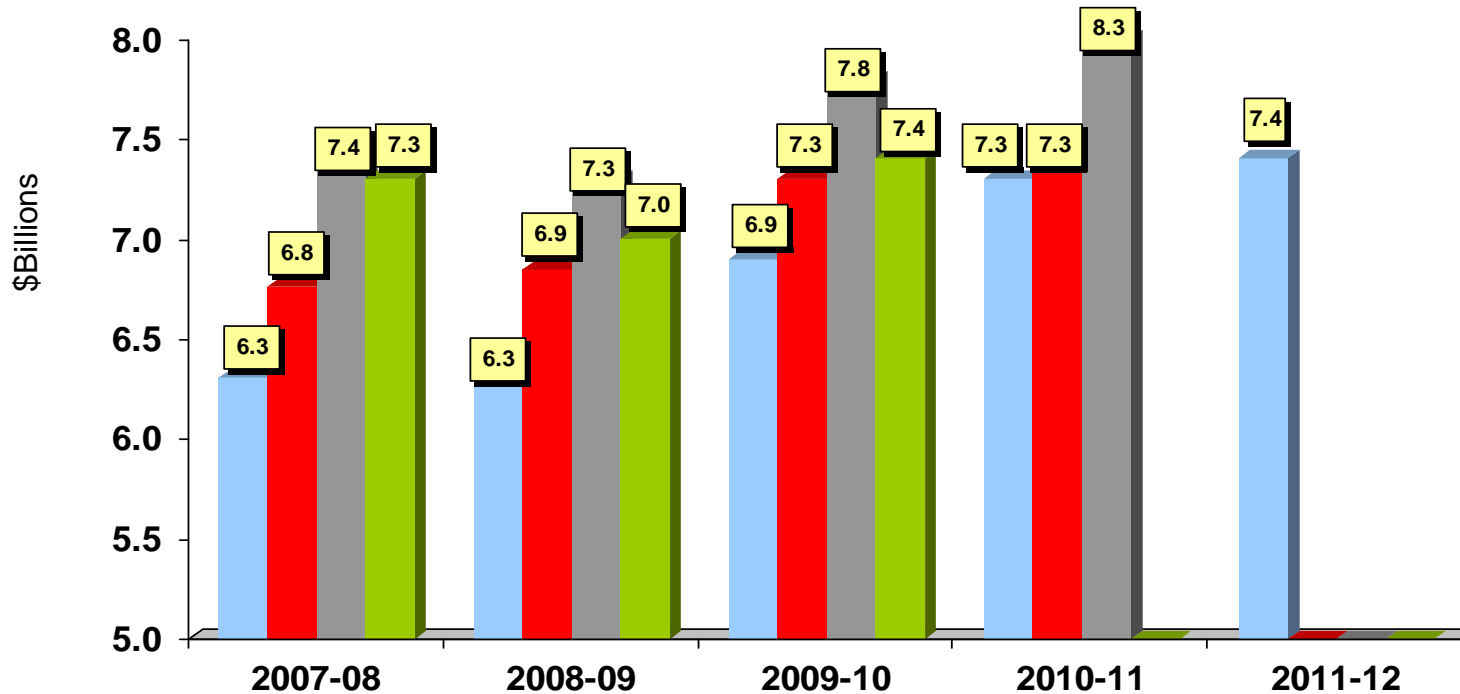
Overall departmental expenditures have grown by about 71%, in current dollars since 1996-97.

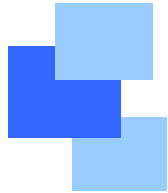




Annual Estimates Cycle

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





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. Gu erin, Sparrow, Marshall, McIvor).
- Settlement of outstanding litigation (e.g. residential schools).

Demographic and Inflationary Pressures

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

Policy Commitments

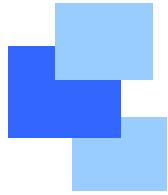
- To resolve and accelerate claims settlements; to provide comparable services to First Nations; to foster independence (e.g. Self-Government, self-sufficiency); education; economic development.
- Environmental and resource management requirements – particularly in the North.
- Economic growth and stability.

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;
- Rigorous oversight and review of ongoing resource utilization through monthly financial status reports;
- Prioritizing pressures through means of re-profiling, carry-forwards and in-year internal reallocation.



In Summary

- Indian and Northern Affairs Canada is one of several federal departments delivering programs and services to Aboriginal peoples and Northerners.
- 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.