




Indian and Northern
Affairs Canada

Affaires indiennes
et du Nord Canada

Indian and Northern Affairs Canada and Canadian Polar Commission

Performance Report

For the period ending
March 31, 2003



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Minister of Indian and Northern Affairs Canada

Canada



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Section I ■ Minister's Message

It is a pleasure for me to present the 2002–03 Performance Report for Indian and Northern Affairs Canada (INAC) and the Canadian Polar Commission. My objective is to provide a balanced picture of the results achieved over the past year, as well as the challenges and issues we have had to address and the lessons we have learned.

It has been quite a year. Few Government of Canada departments have challenged the status quo to quite the same degree as INAC has. But few departments are dealing with the complex range of issues and problems confronting First Nations, Inuit and Northerners.

The antiquated *Indian Act* does not provide First Nations the tools they require to effectively govern their communities. To address this, we launched a series of initiatives designed to give First Nations the powers they need to build a better future for themselves and for their families. The proposed *First Nations Governance Act* will modernize the 126-year-old *Indian Act*. Expanding access to the provisions of the *Land Management Act* to more First Nations helps to re-establish the tools First Nations need to manage their own lands, their own resources and their own revenues, in their own way. New institutions under the proposed First Nations Fiscal and Statistical Management Initiative such as a First Nations Tax Commission, a First Nations Statistical Institute and a First Nations Finance Authority have the potential to take practical, determined steps to put First Nations on par with other communities. These examples represent how we continuously seek and explore better ways of fulfilling our mission.

When First Nations and Inuit communities thrive, all Canadians benefit. First Nations are poised to become key partners in some major economic projects. To ensure that the First Nations people and Inuit participate fully, this department has significantly increased support for economic development in their communities. The results are reflected in a new spirit of confidence — a can-do attitude that is changing lives and transforming communities.

Aboriginal people have enormous potential whether through leading a business venture or as partners or associates in joint ventures. This is becoming more and more apparent. A prime example is Membertou First Nation, which I visited to announce that its band government had become the first to be ISO-certified.

At the same time it must be recognized that many Aboriginal communities are still experiencing living conditions that are unacceptable in Canada, as evidenced by an overall Aboriginal unemployment rate of 16.0 percent, compared with 7.4 percent for all Canadians. That is why we must continue to place a top priority on economic development.

But education is even more fundamental to improving quality of life. Twenty years ago, there were only several hundred First Nations or Inuit individuals with post-secondary degrees in all of Canada. Now, over 30,000 First Nations and Inuit persons hold degrees, and more are enrolling in post-secondary studies and graduating all the

time. But we are still concerned about the low rate of high school graduation, and we are dedicated to making improvements in this area.

I established a National Working Group on Education to seek advice on how, in partnership with First Nations, the department can better foster excellence in First Nations education and help narrow the unacceptable gap in academic results between First Nations students and other Canadian students. The Working Group comprised 13 Aboriginal educational experts from across Canada who reviewed a wide range of issues surrounding First Nations education. Their report was instrumental in obtaining some additional resources to start making a difference.

In addition, to improve water and sewer systems, the February 2003 Federal Budget announced \$600 million for safe water on reserve over the next five years.

In Canada's North, mining, especially diamond mines, and oil and gas extraction, along with pipeline development, represent some of the greatest opportunities for economic development that will also benefit southern economies. In the Northwest Territories, where pipeline proposals are being actively discussed, most of the Aboriginal groups potentially affected by a pipeline have a direct say in resource management and environmental issues through settled land claims.

This was a productive year for claims negotiations marked by considerable success in the Yukon Territory, the Northwest Territories and British Columbia. New ways of taking decisions together have been put in place so that Aboriginal people are at the forefront of resource development activities. An example is the implementation in 2002–03 of a comprehensive claims agreement with the Ta'an Kwach'an Council (TKC) in the Yukon. Under Final and Self-government Agreements, the TKC will retain approximately 785 square kilometres of land and receive approximately \$26 million in compensation over the next 15 years. In addition, the First Nation will have access to approximately \$4.9 million from the federal government's Economic Development Strategic Investment Fund. The money will have a positive impact and will be used for economic development, training and education projects. This marks the first time a Yukon First Nation has accessed these funds.

This document outlines the tremendous work of First Nations, Inuit and Northerners, in partnership with INAC, as well as the challenges, risks and issues we have had to confront throughout the year. Although there is much left to accomplish, the achievements to date — and the manner in which we have addressed problems and learned from past mistakes — provide inspiration to continue efforts to create a better quality of life for First Nations, Inuit and Northerners.



Section II ▸ Context

Reporting Framework

To achieve its mission, Indian and Northern Affairs Canada (INAC) is working in collaboration with First Nations and Inuit governments, provincial and territorial governments, federal departments, and others to put in place fiscally responsible programs and services to improve the investment climate, increase self-sufficiency and foster the sustainability of First Nations, Inuit and northern communities.

These objectives aim to help First Nations, Inuit and northern residents to achieve individual and community aspirations while taking into account statutory and fiduciary obligations, the special relationship between the federal government and Aboriginal people, and jurisdictional considerations.

INAC's strategic outcomes and results build on the four elements of *Gathering Strength — Canada's Aboriginal Action Plan*, as well as on goals and priorities set out in the September 2002 Speech from the Throne and the February 2003 Federal Budget. The Speech from the Throne emphasized closing "the gap in life chances between Aboriginal and non-Aboriginal Canadians" and "ensuring that the benefits of the new economy touch every community and lift every family and every Canadian." The 2003 Federal Budget announced spending in such high-priority areas as First Nations water and sewer facilities, contaminated sites clean-up, First Nations and Inuit education, and the Mackenzie Valley pipeline in Canada's North.

In 2002–03, INAC's progress was marked by a balanced, integrated approach to improving quality of life built on a sustainable foundation of economic development, governance, human capital and infrastructure. In particular, the department has pursued a suite of legislative initiatives — the *First Nations Governance Act*, the *First Nations Fiscal and Statistics Management Act*, and the *Specific Claims Resolution Act* — to provide modern tools outside the *Indian Act* for effective and accountable First Nation governance.

In future reporting cycles, INAC's strategic priorities (strengthening governance, reducing the socio-economic gap, encouraging healthy communities and improving operations) will be refined to reflect a new results-based management framework and modern public service management principles, namely citizen focus, values, results and responsible spending, as set out by Treasury Board Secretariat in *Results for Canadians — A Management Framework for the Government of Canada*.

The proposed management framework that describes long-term (10- to 15-year) strategic outcomes and short-term (5-year) target results is designed to enhance the department's ability to manage in an integrated manner and better align strategic and operational planning. It is intended to clarify direction, align resources to results concentrating on priority issues, and focus INAC, First Nations, Inuit, Northerners and their partners on performance for which each is responsible.

The strategic outcomes outlined in the proposed management framework (see below) will allow us to make progress in improving the quality of life and self-sufficiency of First Nations, Inuit and Northerners, as measured by indicators of management excellence.

Proposed Management Framework

Strategic Outcome	Description
Fostering good governance, and effective institutions — The Government	This strategic outcome supports good governance, effective institutions and co-operative relationships as the foundation for self-reliant and self-sufficient First Nations, Inuit and Northerners operating on a government to government basis with the federal government and to make informed decisions. Building trust and effective accountability between First Nations, Inuit and Northerners and their governments is a prerequisite to successful results.
Strengthening individual and family well being — The People	This strategic outcome supports the national objective of giving First Nations, Inuit and Northerners access to a range and level of services from their governments reasonably comparable to those enjoyed by other Canadians in like circumstances.
Resolving land disputes, transferring land title, and supporting sustainable use of lands and management of resources — The Land	This strategic outcome considers the implementation of efficient land management practices that will address the Crown's existing obligation to protect, conserve and manage lands; the goal of promoting resource management consistent with the principles of sustainable development; and First Nations' aspirations to control their lands and resources.
Increasing participation in the economy — The Economy	This strategic outcome concentrates on increasing community and individual self-reliance through a supportive investment/business climate, partnerships and strategic investments that enable individuals, communities and businesses to seize economic opportunities and leverage investments in infrastructure for economic development.
Providing strategic departmental operational management — The Operations	This strategic outcome underpins the others above and is comprised of those initiatives directly related to supporting the other business lines in the achievement of their objectives.

Circles of Influence

This report is structured around INAC's commitment to strategic outcomes. For each strategic outcome, INAC's planning process refers to three "circles of influence" for reporting the results of activities in terms of short-, medium- and long-term outcomes.

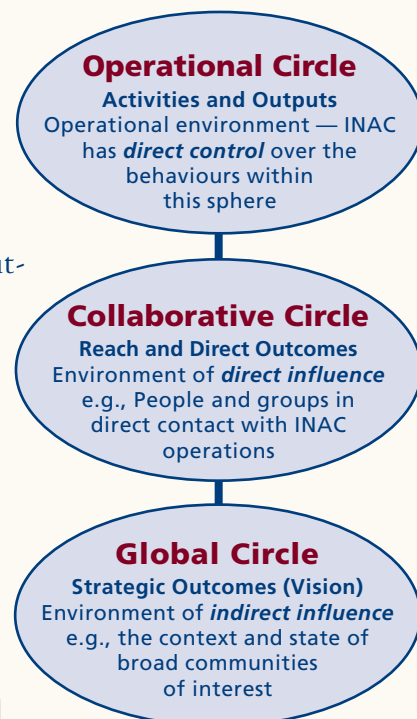
The **operational circle** involves the department's day-to-day activities, the use of its resources, and the operation of its policies and programs. Activities and outputs at this level are intended to contribute directly to the next level, the collaborative circle. Operational-level results include consultations, policy development, operations, payments, and communications and outreach. Operational activities are intended to have a direct influence on immediate and intermediate outcomes.

The **collaborative circle** relies on partnerships to achieve goals, build capacity, improve practices and create a supportive climate for initiatives.

Collaborative-level results include the following:

- adoption of practices that contribute to strategic outcomes by communities and sectors;
- enhancement of capacity, or increased ability and commitment, to address key challenges and opportunities in achieving strategic outcomes;
- increased knowledge and understanding of key requirements;
- positive reactions of key communities;
- increased awareness, participation and engagement in key issues, challenges and opportunities;
- support for key issues from provincial, territorial, regional and other government departments and partners; and
- agreements and partnerships with First Nations and industry for the development of land and resources.

The **global circle** describes both the existing conditions affecting strategic outcomes and desirable changes in those conditions. While these conditions are often beyond INAC's direct influence, it is important to focus on activities that contribute to positive changes for First Nations, Inuit and Northerners in the long term. Global-level results (end outcomes) or priorities include strong communities, people and economies; strengthened Aboriginal and northern governance; a new fiscal relationship; and renewed partnerships.



Reporting Structure

Indian and Northern Affairs Canada

Strategic Outcome	Priority	Key Results Area
To provide Canadians with an environment that fosters a more promising future for all First Nations and Inuit by strengthening the relationship and addressing the disparities in living standards of First Nations and Inuit versus non-Aboriginal people; and to promote enhanced skills and expertise, leading to more sustainable and accountable Aboriginal governments, increased self-sufficiency and economic independence.	Strong Communities, People and Economies	Reducing the Socio-economic Gap Supporting Healthy Communities
	Strengthened Aboriginal Governance	Strengthening Governance
	New Fiscal Relationship Renewed Partnerships	Strengthening Governance Supporting Healthy Communities Improving Operations
To provide Canadians with management of the federal Northern Agenda resulting in: strengthened territorial governance systems that are sensitive to Aboriginal rights and interests and the needs of all Northerners in general; exercising environmental stewardship; and promoting sustainable development in the North.	Effective Management of Federal Interests in the North	Strengthening Governance Supporting Healthy Communities Reducing the Socio-economic Gap

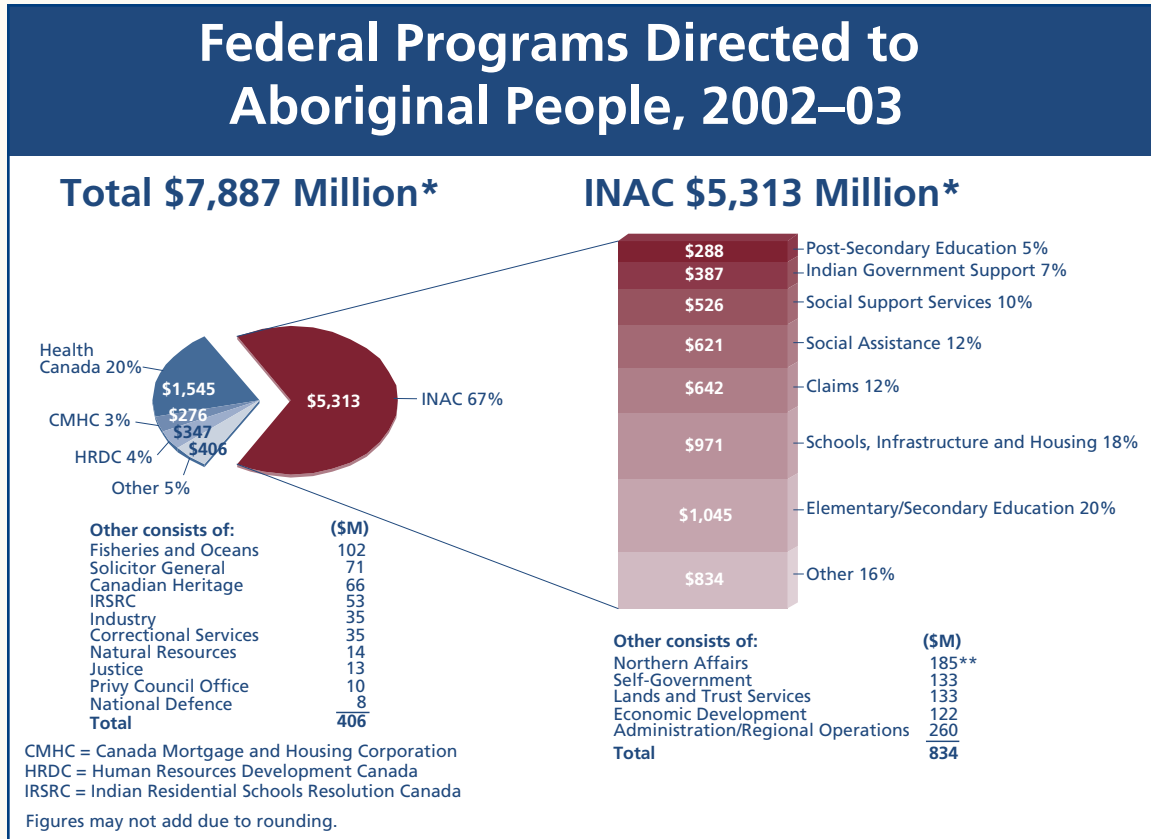
Canadian Polar Commission

Strategic Outcome	Priority	Key Results Area
To provide Canadians with an effective national and international presence in relation to polar science and technology that contributes to a broader understanding of polar issues.	Development and Dissemination of Knowledge Concerning the Polar Regions	Development and Dissemination of Knowledge Concerning the Polar Regions

Key Co-delivery Partners

Fourteen federal departments and agencies, including INAC, offer programs for Aboriginal people, with total expenditures of approximately \$7.9 billion in 2002–03 (see Figure 1). Basic, provincial-type services account for more than 80 percent of total on-reserve funding. Further information on co-delivery partners is included in Section VI.

Figure 1



* Expenditures in Figure 1 are budgetary only.

** Reflects Aboriginal-specific programs and a proportion of non-Aboriginal-specific programs.

Profile of Canada's Aboriginal Population

The *Constitution Act, 1982*, recognizes three groups of Aboriginal people — **Indians, Inuit and Métis**. In addition, the *Indian Act* delineates the legal definitions that apply to **Status Indians** in Canada: a Status Indian is an Indian person who is registered under the *Indian Act*¹. **Métis** people are of mixed First Nations and European ancestry, who identify themselves as Métis. The **Inuit** are the Aboriginal people of Arctic Canada and live primarily in Nunavut, the Northwest Territories and northern parts of Labrador and Quebec. The Inuit do not live on reserves and are not covered by the *Indian Act*.

INAC's core responsibilities with respect to Aboriginal people are primarily to Status Indians living on reserve and the Inuit. INAC is responsible for the delivery of provincial-type programs and services on reserve. In the North, INAC works in cooperation with Inuit and other Aboriginal communities to develop governance structures and to finalize and implement land claims and self-government agreements. Given the unique context of Canada's North, and in accordance with the federal policy on Aboriginal self-government², some agreements also include Métis north of 60° latitude.

Status Indians living on reserve represent about 61 percent of the Status Indian population. There are 445,436 on-reserve Status Indians and 285,139 who reside off-reserve.³ In total, there are 614 First Nations communities, comprising 52 nations or cultural groups and more than 50 languages. About 61 percent of First Nations communities have fewer than 500 residents — only six percent have more than 2,000. Overall, 34.6 percent of on-reserve Status Indians live in urban areas, while 44.6 percent live in rural areas; 17.0 percent live in special-access areas and 3.7 percent in remote zones.

The on-reserve Status Indian population is expected to increase by 57.9 percent from 2003 to 2021, compared with 12.0 percent for the Canadian population as a whole. About 40.4 percent of the Status Indian population is under the age of 19, compared with 25.2 percent for the Canadian population.^{3,4}

In Canada's North, which occupies 40 percent of Canada's land mass, the three territories consist of some 96 organized communities, most of them home to small populations of First Nations, Métis or Inuit. Widespread distribution of the population increases the cost of providing services. Some 92,300 residents are scattered across this area; Nunavut's population is 26,700, while there are 37,100 people in the Northwest Territories and 28,500 in the Yukon.

The population in the North is young, with 43.6 percent of the population under the age of 25. A little over half of the population is Aboriginal, varying from 85.7 percent in Nunavut to about 51 percent in the Northwest Territories and about 24.5 percent in the Yukon. There are few reserves.

¹ A **Treaty Indian** is a Status Indian who belongs to a First Nation that signed a treaty with the Crown. Not all Status Indians belong to First Nations that signed treaties. A **Non-Status Indian** is an Indian person who is not registered as an Indian under the *Indian Act*.

² See http://www.ainc-inac.gc.ca/pr/pub/sg/plcy_e.html.

³ 2000-based projections using the Indian Registry System for the year 2003.

⁴ *Population Projections for Canada, Provinces and Territories, 2000–2026*, Statistics Canada, 2001.

Reliability of Statistics

Demographic Statistics Supplied and Verified Through the Indian Registry System

The Indian Registry System (IRS) is maintained by INAC and has existed since 1951. The system is considered authoritative, since it contains the names of every individual registered under the terms of the *Indian Act*. It is updated at the end of every month via some 550 Indian Registry administrators who supply the new information to INAC regions, which in turn report to INAC headquarters.

The IRS is an accurate source, except for one major limitation: the late reporting of life events, including births and deaths. For more information on the IRS, please contact the Information Unit at the Indian Registration and Band Lists Directorate at (819) 997-9265. For more information on the effects of late reporting of life events, contact the First Nations and Northern Statistics Section of the Corporate Information Management Directorate at (819) 953-9999 or by e-mail at instat@ainc-inac.gc.ca.

Demographic Statistics Supplied and Verified Through Population Projections

On-reserve Status Indian Population

The department uses 2000-based population projections developed for INAC by Statistics Canada using the IRS. These projections have been adjusted for late and under-reporting of births and deaths and therefore differ from actual IRS data. Although these projections are not predictions, they represent future trends that the registered Indian population will follow, if the underlying assumptions (with respect to fertility, mortality, miscellaneous additions, migration, reinstatement and status inheritance) are accurate.

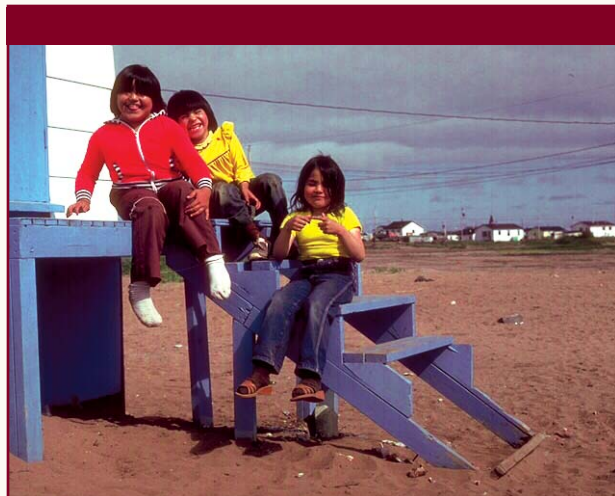
Canadian Population

The department uses *Population Projections for Canada, Provinces and Territories, 2000–2026* (Statistics Canada publication, Catalogue No. 91-520). These data are considered reliable, if the underlying assumptions are accurate.

Demographic Statistics Supplied and Verified Through the 2001 Census of Canada

Statistics from the 2001 Census represent the characteristics of the Canadian population taken at one point in time. They are based on self-reporting by individuals.

One major limitation of Census statistics is undercoverage resulting from non-participation or incomplete enumeration of communities. A preliminary estimate released by Statistics Canada on January 21, 2003, indicates that approximately 30,000 to 35,000 individuals were not enumerated in the 2001 census. Most of these people were registered Indians living on-reserve. Non-participation by First Nations



communities was not a problem in the northern territories; therefore, statistics for the North are very reliable.

Please note that data for the Aboriginal population in the North and the Aboriginal unemployment rate are based on Statistics Canada's definition of Aboriginal ancestry, which takes into account those respondents who reported themselves as having Aboriginal ancestry, with one or more Aboriginal ethnic origins.

Unemployment Statistics

The source for unemployment statistics is the Labour Force Table from the February 11, 2003, release of Statistics Canada's 2001 Census.

Education Statistics

Education statistics are generated by First Nations reporting to INAC regions, which in turn report to INAC headquarters. The data are then included in the national Nominal Roll and Post-Secondary Education databases.

The Nominal Roll database lists all students enrolled in elementary and secondary education funded by INAC. It contains personal information, such as student name, birth date and Indian Registry number. This information supports funding activities, policy and accountability.

The Post-Secondary Education database lists all students enrolled in post-secondary education funded by INAC. It contains personal information, such as student name, birth date and Indian Registry number.

According to the Corporate Information Management Directorate, data reliability is about 99 percent; only three First Nations did not report in 2001–02 and the appropriate regions submitted estimates on their behalf.

Statistics on Housing Conditions and Water and Sewer Services

The source for housing and water and sewer statistics is the Housing and Infrastructure Assets Web site (http://sdiprod2.inac.gc.ca/housing/housing_onstage_frame.asp), which First Nations (or regions on behalf of First Nations) use to report annually. First Nations report the information required, as outlined in the *First Nations National Reporting Guide*. Definitions for each data element are found in the guide and on the Web site. The information on the Web site is verified by the regions and further verified and finalized by INAC headquarters.



Section III Performance Accomplishments

Indian and Northern Affairs Canada

Strategic Outcome — Indian and Inuit Affairs

To provide Canadians with an environment that fosters a more promising future for all First Nations and Inuit by strengthening the relationship and addressing the disparities in living standards of First Nations and Inuit versus non-Aboriginal people; and to promote enhanced skills and expertise, leading to more sustainable and accountable Aboriginal governments, increased self-sufficiency and economic independence.

How much did it cost?

	Indian and Inuit Programming	Claims	Total
Planned Spending	\$4,427,308,000	\$549,382,000	\$4,976,690,000
Total Authorities	\$4,402,630,892	\$643,061,295	\$5,045,692,187
2002–03 Actuals	\$4,359,786,117	\$642,283,573	\$5,002,069,690

Explanation of Variance

Indian and Inuit Programming: The variance of approximately \$25 million between planned spending and total authorities primarily reflects resource transfers to other priority areas within the department, offset by incremental funding provided to address urgent health and safety concerns. The variance of approximately \$43 million between total authorities and actual spending is primarily attributable to the carry forward to future years of operating resources (\$9 million) and resources to fund the payment of guaranteed loans issued out of the Indian Economic Development Account (\$32 million).

Claims: The variance of approximately \$94 million between planned spending and total authorities is primarily attributable to increases for the settlement of a specific claim with the Kahkewistahaw First Nation (\$30 million), debt write-off (\$29 million) and out-of-court settlements (\$52 million), offset by reduced requirements for the implementation of comprehensive land claims settlements (\$13 million).

The following table outlines the 2002–03 resources associated with the Indian and Inuit Affairs Program (IIAP) priorities stemming from Gathering Strength.

	Priorities (\$ millions)				Total
	Strong Communities, People and Economies	Strengthened Aboriginal Governance	New Fiscal Relationship	Renewed Partnerships	
Elementary/ Secondary Education	1,045	—	—	—	1,045
Capital	808	—	—	—	808
Claims*	—	342	—	301	642
Social Assistance	621	—	—	—	621
Social Support Services	526	—	—	—	526
Indian Government Support	—	380	1	6	387
Post-secondary Education	288	—	—	—	288
First Nations Housing	163	—	—	—	163
Self-government	—	129	4	—	133
Lands and Trust Services	27	106	—	—	133
Economic Development	122	—	—	—	122
Sub-total	3,600	957	5	306	4,868
Regional Operations					134
Total					5,002

Due to rounding, figures may not add to totals shown.

* For more information on claims, see http://www.ainc-inac.gc.ca/ps/clm/index_e.html

Results Logic for Each Strategic Outcome

To provide a context for performance, focus on outcomes and link resources to outcomes, a results-logic "map" has been outlined for each strategic outcome in INAC and the Canadian Polar Commission (CPC).

These results-logic maps build on the circles of influence described previously and allow the reader to visibly link together INAC's use of resources to perform activities and produce outputs at the operational level, and to influence outcomes at the collaborative level with partners and client communities, such as First Nations, Inuit and Northerners. These collaborative outcomes can then be associated with the strategic outcomes and priorities that make up the *raison d'être* of the department.

All accomplishments reported in Section III can be traced to at least one summary statement in the appropriate results-logic map. Eventually these charts will serve as accomplishment report outlines, and will link achievements to the results-logic map. By consulting each map, a reader will then more easily see how specific accomplishments contribute to broader strategic outcomes.

Results Logic

Global Circle

STRATEGIC (GLOBAL) OUTCOMES

Canada and the world

A more promising future for all First Nations and Inuit as demonstrated by accomplishments in the following areas:

- ▶ Strong First Nations communities, people and economies
- ▶ Strengthened Aboriginal governance
- ▶ New fiscal relationship
- ▶ Renewed partnerships

More sustainable and accountable Aboriginal governments, increased self-sufficiency and economic independence

Collaborative Circle

COLLABORATIVE OUTCOMES WITH FIRST NATIONS AND INUIT

[See *What did we accomplish in 2002–03?* for specific targets and results]

First Nations and Inuit people and communities

First Nations communities:

- ▶ adopt specific approaches that contribute to strategic outcomes
- ▶ gain capacity to manage their own affairs
- ▶ improve their legal, regulatory, fiscal, social, governance and infrastructure support climate

Constructive progress on disputes, land claims, negotiations and other statutory and fiduciary responsibilities

Collaboration on economic development, increased participation and engagement in determining approaches, frameworks and plans with INAC and other partners

COLLABORATIVE OUTCOMES WITH DELIVERY PARTNERS

[See *What did we accomplish in 2002–03?* for specific targets and results and Section 5 for listing of partners]

Federal, provincial and regional governments, not-for-profit and private sectors

Appropriate access to capital and services from private sector financial and service institutions and other related organizations

Federal, provincial and territorial governments provide harmonized policies, programming and funding, laws and regulations in support of strategic outcomes

Operational Circle

ACTIVITIES

[See *How much did it cost?* for a list of key programs and resources and *What did we accomplish in 2002–03?* for specific targets and results]

INAC

- | | |
|--|--|
| <ul style="list-style-type: none"> ▶ Liaison with partners and First Nations ▶ Development of strategy, policy, guidelines, etc. ▶ Funding processes ▶ Specialized support for infrastructure and services ▶ Litigation management ▶ Advisory and information services ▶ Public education and awareness | <ul style="list-style-type: none"> ▶ Meetings, fora for information exchange ▶ Frameworks, guidelines and other policy outputs ▶ Funding Agreements/payments ▶ Infrastructure outputs ▶ Strategic court decisions/out-of-court settlements ▶ Service and communication outputs ▶ Public education and awareness outputs |
|--|--|

RESOURCES

\$5.0 billion in 2002–03 and 2,384 full-time equivalents

Priority

Strong Communities, People and Economies

(\$3,600 million in 2002–03)

How does performance related to this priority contribute to the department's strategic outcomes?

Achieving strong communities, people and economies is about improving health, public safety, education and community infrastructure for First Nations and Inuit people. This not only improves their quality of life but enhances their participation in the economy.

To help ensure a quality of life in First Nations and Inuit communities comparable to that in neighbouring communities, INAC is committed to providing the financial, structural and technical strategies and tools required to increase self-sufficiency and participation in the economy. Partnerships between First Nations and Inuit and the private sector, non-governmental organizations and other levels of government are also needed to achieve these goals.

Real progress in strengthening communities, people and economies requires an effective framework for development, a balanced and integrated approach, and innovative solutions developed and implemented jointly by INAC, First Nations and Inuit, and their partners. Supplying basic needs like housing and infrastructure, life-long education and training, and putting in place strategic initiatives such as effective governance, financial management, land management and management of natural resources, in addition to improving access to capital and facilitating investment, will enhance communities' potential for economic growth and development. In all of these endeavours, INAC is committed to moving beyond project funding and to taking a more strategic, integrated approach.

Support for strategic investments in First Nations and Inuit economic development will reduce health and other social costs, enhance the well-being of on-reserve populations, benefit neighbouring communities and increase regional economic stability and growth, and strengthen the broader Canadian economy. Institutional development will encourage the self-reliance of First Nations and Inuit communities, and enhance good governance as well as accountability.

What are the benefits and results for Canadians?

Reducing the Socio-economic Gap

- ▶ Strengthened and sustained economic development

Supporting Healthy Communities

- ▶ Increased self-sufficiency
- ▶ Improved health and safety

What challenges and opportunities do we face and what are the risks associated with delivering — or not delivering — on this priority?

Collaborative Circle

Reducing the socio-economic gap between First Nations and Inuit people and other Canadians requires an integrated, multi-pronged approach. Unacceptable housing and health conditions, high levels of social dependency and poor educational achievement are barriers that limit the ability of First Nations and Inuit to participate in all aspects of the broader Canadian society, and they also significantly weaken the social, political and economic fabric of Canada. To break the cycle of dependency and improve "life chances" for current and future generations, First Nations and Inuit governments and communities require strategic investments in the foundations that support successful economies.

Basic needs for health, education, housing and infrastructure must be met to lay the foundation for increased employment and economic development. This means not only strengthening the federal government's relationship with Aboriginal people but also ensuring that federal government departments work together more effectively, and improving partnerships with the provinces and territories. In addition, entrepreneurs must be effectively positioned to be able to seize existing and emerging opportunities for economic growth and development. Increased participation in the economy by Aboriginal women will be an important component of economic development themes in the coming year.

The priorities for INAC and its partners are support for basic community infrastructure, education, social programs, governance and economic development.

First Nations and Inuit communities face continuing challenges in ensuring there is adequate housing, clean drinking water, sewer systems and other types of basic community infrastructure. In addition, some communities still lack environmentally sound energy sources and effective modes of transportation and communication. These are essential for ensuring health and safety and building and maintaining links to the social and economic fabric of the country. Remote communities require innovative and partnered solutions to ensure these needs are met in an affordable manner that addresses their unique social, cultural and economic circumstances.

Education, delivered within an effective governance framework, is one of the keys to strong communities, people and economies, and INAC, in partnership with First Nations, is addressing the following challenges:

- establishing appropriate standards;
- meeting needs for special education;
- maintaining the purchasing power of the post-secondary education program as the cost of tuition rises;
- ensuring opportunities for lifelong learning;
- supporting parents' and community involvement in education;
- supporting initiatives for recruitment and retention of qualified teachers; and
- collaborating with First Nations to develop culturally relevant curricula.

The heart of a community lies in its social support and vitality. A partnered approach is required to develop a more cohesive strategy for social programs, one that ensures federal programs are coordinated to help build local solutions to local challenges. The challenges in First Nations communities are diverse; in many they are acute. A holistic, community-based approach is required to overcome the long-term effects of poverty, displacement, disaffection and social despair.

To ensure success in meeting these challenges, INAC will continue to support First Nations communities in strengthening governance through adoption of more effective and transparent administrative practices. An accountability regime that provides effective feedback to First Nations communities, as well as to other government departments, will enable open and joint determination of progress.

Approaches to community planning are also important. INAC is building First Nations and Inuit capacity and awareness by providing tools and models of approaches, improving networking opportunities, hosting workshops and initiating pilot projects.

Operational Circle

Not all First Nations and Inuit communities are at similar stages of development. It has become increasingly clear that, while some communities are developing sophisticated and diversified economies and have highly specialized needs, others still require assistance with essential services, such as adequate housing, and water and sewer systems. INAC's key operational challenge is to support progress in all of these diverse communities through strategies that ensure acquisition, operation and maintenance of basic community infrastructure, as well as application of appropriate standards. Success would be measured by benefits experienced by First Nations and Inuit. To enhance the effectiveness of its program, and benefits to First Nations and Inuit, INAC will need to respond concretely to planned program reviews. The focus must be on sustainable wealth creation, as opposed to short-term job creation.

One initiative currently under way is to implement the department's Long-term Capital Plan, which aims to ensure that First Nations' most urgent needs for infrastructure are met within available resources. At present, INAC is undertaking a comprehensive review of its Capital Facilities and Maintenance Program to ensure that the program meets the needs of First Nations in a manner that is effective, efficient and sustainable.

INAC also has various economic enabling programs that focus on feasibility studies and negotiating business partnerships, as well as on business creation, development and expansion. Focus will be on creating the conditions for stable, long-term economic growth by First Nations and Inuit communities, and on removing structural and systemic barriers to increased participation in the economy by Aboriginal women. These initiatives must be supported by education and training programs and advocacy programs that foster strategic partnerships and create joint ventures, particularly with the private sector.

Strategic investments in strong communities, people and economies are essential to reduce health and other social costs associated with the socio-economic gap between First Nations and Inuit and other Canadians, to contribute to the health and well-being of First Nations and Inuit populations, and to increase self-sufficiency.

What did we accomplish in 2002–03?

Strengthened and Sustained Economic Development

Participation in Resource Development

The Resource Partnerships Program funds activities leading to the creation of joint working agreements that identify issues, opportunities and priorities, and set out planning processes, cost-sharing arrangements and ongoing review processes. Its goal is to obtain economic benefits from major regional resource development projects for First Nation and Inuit communities. During 2002–03, INAC supported 94 projects under the Resource Partnerships Program.

The Resource Access Negotiations (RAN) Program funds activities leading to the creation and early implementation of agreements other than joint working agreements to access business and employment opportunities in major resource development projects; attract investment in on-reserve natural resources; access off-reserve natural resources; and manage off-reserve natural resources. Negotiations are expected to lead to agreements that will generate resource-based economic benefits for First Nations, Inuit and Innu communities. In 2002–03, INAC supported approximately 200 projects under the RAN Program.

Business and Infrastructure Financing

Community Economic Capacity

A key impediment to the development of businesses in First Nations and Inuit communities is insufficient equity. INAC's business equity program includes the Economic Development Opportunity Fund, the Resource Acquisition Initiative and the Major Business Projects Program. The business equity program provides financial aid in the form of matching equity funding based on projects leveraging \$6.00 in funding from other sources for every \$1.00 invested by INAC. Recipients use the funding to obtain conventional debt financing for business start-ups, expansions and acquisitions. During 2002–03, INAC supported 144 projects under its business equity program. Projects are to lead to business start-ups, expansions and

Expected Results 2002–03

Strengthened and Sustained Economic Development

Operational

- ▶ Increased participation of First Nations and Inuit in resource opportunities by supporting strategic initiatives that lead to sustainable businesses and employment opportunities.
- ▶ Enhanced financial leverage, to increase business start-ups and expansions through INAC's equity programs.
- ▶ Increased awareness of the Procurement Strategy for Aboriginal Business by the federal purchasing community and Aboriginal businesses.
- ▶ Production of regional tools to support corporate Canada's Aboriginal employment through the Aboriginal Workforce Participation Initiative.
- ▶ Revision of Additions to Reserve policy, to recognize that First Nations require a greater share of lands and resources and to assist First Nations in securing an adequate land base for building economic self-sufficiency and self-government.

Collaborative

- ▶ Improvements in processing designations for specific commercial leasing opportunities, as well as general designations for possible leasing proposals, to promote economic development.
- ▶ Institutional strengthening for Aboriginal financial institutions, community economic development organizations and Aboriginal business/sector associations, and supportive economic infrastructure to enhance community economic capacity.
- ▶ Venture capital pilot projects, and contract bid bonding through a contract performance guarantee instrument, to increase access to private capital.
- ▶ Increase in volume of developmental lending by Aboriginal financial institutions in collaboration with Industry Canada.

Source: 2002–03 Report on Plans and Priorities

acquisitions that will ultimately provide 757 direct full-time jobs and 278 direct part-time jobs.

To create infrastructure that will support economic development in First Nations and Inuit communities, INAC delivers the Regional Partnerships Fund for commercial or industrial development, including energy production and distribution systems, access roads, airstrips, terminals, wharfs, harbours and site services for commercial developments. During 2002–03, INAC approved 29 economic development infrastructure projects under the Regional Partnerships Fund.

To strengthen community economic development organizations and Aboriginal business/sector associations, INAC provided financial assistance to approximately 500 community economic development organizations through its Community Economic Development Program in 2002–03.



Access to Capital Markets

The proposed First Nations Finance Authority (FNFA) is designed to provide First Nations with the capacity to collectively issue bonds and raise long-term private capital at preferred rates for roads, water, sewer and other community infrastructure projects. The immediate potential market for FNFA's community infrastructure financing operation consists of 83 First Nations, which have established real property tax systems and are currently generating \$168 million

in revenues. Current estimates show that FNFA is capable of raising \$125 million in debt capital for community infrastructure financing over five years, by securitizing (pledging) real property tax revenues. INAC has also designed and implemented a group insurance plan for a First Nations-owned and -operated pension fund in Quebec, which has signed up more than 2,200 members employed by 50 different companies.

Developmental Risk Capital

To explore different approaches to engaging private sector sources of investment and expertise, INAC is implementing three pilot projects related to developmental risk capital:

- a \$6-million equity investment fund aimed at providing financing to new and existing businesses controlled by members of Quebec First Nations;
- a pilot project aimed at securing private sector capital to finance First Nations participation in developments related to oil, gas and energy (this project is expected to be operational in 2003); and
- a pilot investment fund essentially capitalized by First Nations organizations with a mission to invest in First Nations businesses in the Yukon. Four additional projects — an \$8-million venture capital fund in Atlantic Canada, and developmental risk capital funds in Ontario, Saskatchewan and British Columbia — are currently under development. A national association of developmental risk capital funds was formed in Victoria in March 2003.

Developmental Lending

In collaboration with Industry Canada, INAC contributed \$500,000 to acquire sectoral expertise in support of agricultural Aboriginal Financial Institutions (AFIs), and \$1 million for a micro-lending and mentoring program to offer on-reserve First Nations and Inuit youth counselling, advisory support and seed capital to explore business opportunities. A total of 87 activities involving 1,696 participants were organized to deliver the services for agricultural AFIs, and an estimated 2,500 youth participants have benefited from the youth lending program. INAC and Industry Canada have also prepared a joint submission to Treasury Board to access Gathering Strength funds of \$1 million per year over a three-year period. Approval would extend the Access to Capital element of the Aboriginal Business Development Initiative to guarantee access to developmental lending for First Nations businesses in remote communities not serviced by AFIs.

Business and Employment Supports

Procurement Strategy for Aboriginal Business

As a result of the Procurement Strategy for Aboriginal Business (PSAB) evaluation, a communications strategy was developed to improve the exchange of information between federal procurement personnel and Aboriginal firms. INAC led efforts to enhance understanding of PSAB by participating in events such as National Aboriginal Awareness Week, National Aboriginal Day festivities held at the Canadian Museum of Civilization; the NEXUS Trade Show hosted by the Assembly of First Nations; two Aboriginal Economic Renewal Initiative conferences held in Toronto and Ottawa; and the Materiel Management Institute National Workshop held in Ottawa.

Aboriginal Workforce Participation Initiative

The Quebec Regional Supplement of the *Aboriginal Workforce Participation Initiative (AWPI) Employer Toolkit* was produced in 2003. The toolkit is a comprehensive capacity-building tool used by employers to increase Aboriginal participation in the workforce. An electronic updating, maintenance, distribution and monitoring system was also developed for the toolkit. The AWPI Partnership Process was developed to establish formal partnerships and performance indicator regimes for Aboriginal employment endeavours; three signing ceremonies are to occur over the summer of 2003.

Additions to Reserve

The year 2002–03 saw much progress in terms of increased understanding and a more efficient process for adding land to reserves. The process currently requires up to seven years to complete, which can result in the loss of economic development opportunities for First Nations. The objectives of Additions to Reserve (ATR) modernization are to streamline the process and to clarify roles and responsibilities to reduce the time required to complete the process to two years. Efforts have been devoted to establishing a flow model for the process, clarifying roles and responsibilities, and developing an ATR training module to communicate results to First Nations. A first pilot session was conducted in February 2003. Requirements for an ATR tracking and reporting system have been documented and development work has begun.

Increased Self-Sufficiency

Indian Government Support — Program Reviews

In the context of the review of the Indian Government Support (IGS) program, of which Band Support Funding (BSF) is one component, the department completed an evaluation of BSF in March 2003 (http://www.ainc-inac.gc.ca/pr/pub/ae/ev/01-23_e.html).

Expected Results 2002–03

Increased Self-Sufficiency

Operational

- ▶ Evaluate post-secondary programs (Post-secondary Student Support Program and the Indian Studies Support Program) in response to First Nations communities, First Nations and Inuit students and post-secondary institutions, with the goal of ensuring programs meet the contemporary needs of students to access post-secondary education.
- ▶ Complete an evaluation of the Band Support Funding program as the basis for updating and modernizing program authorities.
- ▶ Identify recommendations and best practices from the Income Security Reform initiative for moving from a passive welfare system to an active, results-based program for incorporation into the renewed social policy framework.
- ▶ Based on the National Policy Review of First Nations Child and Family Services, identify strategies, including the methodology for funding agencies, for improving the relevance and effectiveness of the program for incorporation into the renewed social policy framework.

Collaborative

- ▶ Implement a new program for First Nations students with special needs at schools, in collaboration with First Nations.
- ▶ Articulate the department's roles and responsibilities in collaboration with First Nations and in response to the Auditor General's Report (April 2000) on First Nations elementary/secondary education.
- ▶ Develop a coherent policy framework for social programming and ensure appropriate program authorities and accountabilities are in place in collaboration with First Nations.
- ▶ Continue to use education reform resources from the Gathering Strength initiative to improve the quality of education through specific local activities to improve classroom instruction. The anticipated outcomes are improved academic achievement and improved graduation rates for First Nations students on reserve.
- ▶ Collaborate with First Nations partners and other federal departments to develop an integration model for children and youth programs.
- ▶ Through a Joint First Nations and INAC Comprehensive Community Planning Working Group, move forward on commitments made in the Sustainable Development Strategy 2001–2003 to develop a compendium of existing community planning models, best practices and successes.

Source: 2002–03 Report on Plans and Priorities

The evaluation recommended the program continue with a modernized design in coordination with the design and implementation of proposed First Nations Governance legislation. The recommendation will be considered as part of the IGS review in consultation with First Nations and in inter-sectoral and inter-departmental consultations. The department also implemented the second year of the ministerial commitment to increase BSF, the core of support to First Nations administrations, by 20 percent over four years.

Other IGS program review activities included: regional and national consultations with Tribal Councils on the Tribal Council Funding (TCF) program review; planning for an audit and evaluation of the Band Employee Benefits program; and evaluations of the TCF, the Band Advisory Funding program and the Indian and Inuit Management Development program. The findings from these activities will contribute to renewal of IGS program authority by September 2004, to be implemented by April 2005. (Program descriptions for all five IGS components can be found on the INAC Web site at http://www.ainc-inac.gc.ca/ps/igs/index_e.html.)

Income Security Reform Initiative — Best Practices

The Income Security Reform (ISR) initiative is a model of strategic partnerships between First Nations, the Assembly of First Nations (AFN) and INAC. It explores how to move away from a passive program based on providing income assistance to one that offers active measures to develop skills, training and employment. In this, the final year of the initiative, best practices were identified from over 300 community-designated demonstration projects and became part of a policy framework, which formed the basis for the renewal of policy and program authorities for income assistance and all other social programs. Some demonstration projects, for example, showed how a case management approach can guide income assistance recipients through a continuum of training and support services, and ensure that participants benefit from and remain in welfare-to-work initiatives. As recommended by an independent evaluation of the ISR initiative, INAC looks forward to continuing to work with First Nations on welfare reform.

First Nations Child and Family Services

In consultation with First Nations representatives and the AFN, and working through the National Advisory Committee, INAC identified areas of potential improvement in First Nations Child and Family Services (FNCFS) and options for implementing these improvements. As part of the social authorities renewal process, the department has obtained policy authority to develop alternative funding options to provide greater flexibility for the delivery of FNCFS services.

Renewed Policy and Program Framework for Education Programs

In December 2002, the department obtained the necessary policy authority to provide existing education programs and services (Elementary/Secondary, Post-Secondary and Cultural Education Centres) until March 2005.

In response to the April 2000 Report of the Auditor General, the INAC Minister established, in June 2002, a National Working Group on Education, comprising 15 Aboriginal people with a broad range of experience in education, to provide advice on next steps to be taken to improve education for First Nations students. In their final report submitted in December, 2002, the Working Group provided recommendations regarding the role and responsibilities of INAC in First Nations education. The report can be found on the INAC Web site at http://www.ainc-inac.gc.ca/ps/edu/finre/bac_e.html.

Over the past year, the two post-secondary programs — the Post-Secondary Student Support Program and the Indian Studies Support Program — have been evaluated. Both evaluations are in draft form and will be completed in 2003.

Policy Framework for Social Programming

A new social policy framework was completed in March 2003, based on the reform of social policy and program delivery intended to provide social programming in First Nations communities that is reasonably comparable to that in neighbouring communities. This framework was developed in collaboration with First Nations through the ISR initiative and the National Policy Review of FNCFS.

Education Reform

The five-year Gathering Strength — Education Reform (GSER) initiative came to an end on March 31, 2003. The multi-year program funded projects and initiatives aimed at the following four priorities, jointly defined by the AFN Chief's Committee on Education and INAC: strengthening management and governance capacity; improving the effectiveness of classroom instruction; supporting parental and community involvement; and aiding the school-to-work transition. An impact assessment of the GSER initiative is scheduled for completion in 2003.

New Paths, a new initiative funded through the previous GSER resources, provides funding to strengthen education management and governance and to support other education priorities jointly identified by an AFN/INAC working group.

Children and Youth Programs

INAC, along with Health Canada, Human Resources Development Canada and First Nations partners, is continuing to work toward a "single-window" approach to early childhood development and parental engagement. The policy framework for INAC's First Nations and Inuit Youth Employment Strategy (FNIYES) has also been refocused to emphasize the importance of education to effective labour market participation and to enhance employability skills. The redesigned FNIYES went into

effect on April 1, 2003. The FNIYES program management model has been enhanced to ensure that funding supports services that have a direct impact on First Nations and Inuit youth.

Improved education programming and achievement

In 2002–03, the number of on-reserve First Nations students attending elementary and secondary schools was about 119,859, 83 percent of the relevant population (see Figure 2). Of these, 60 percent attended band-managed schools on-reserve.

Investments in post-secondary education have increased from \$274 million in 1997–98 to \$288 million in 2002–03 (see Figure 3). Enrolment of First Nations students has risen from 250 in 1968–69 to about 25,075 in 2002–03. Employment-population ratios for on-reserve Status Indians are substantially higher for post-secondary graduates (64 percent) than for high-school graduates (45 percent) based on the 1996 Census.

Figure 2

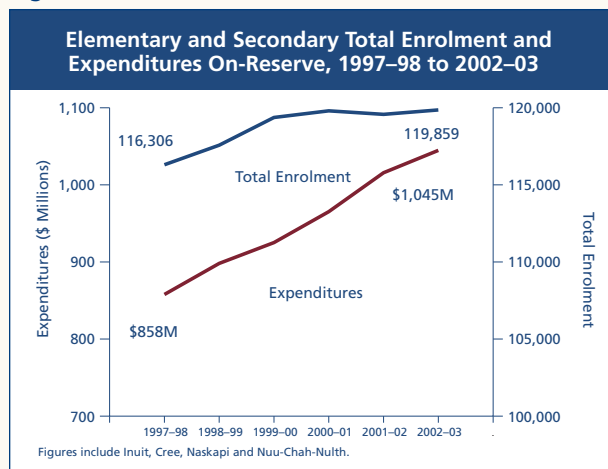
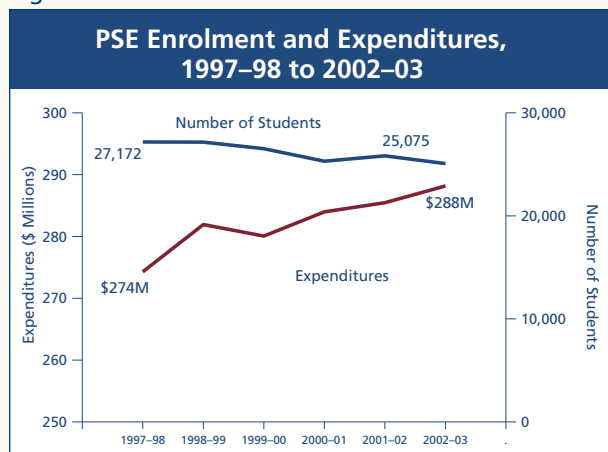


Figure 3



Improved Health and Safety

Long-term Capital Plan

During 2002–03, INAC completed its Long-term Capital Plan (LTCP), which ensures that investments in capital projects are aligned with the department's national priorities. LTCP priorities include: protecting and maintaining existing assets; addressing health and safety risks; improving water and sewer systems; and investing in other priorities for sustainable communities (see http://www.ainc-inac.gc.ca/pr/pub/ltcp/index_e.html for the LTCP document).

To complement the LTCP, INAC established a Capital Management Regime, which is an integrated process created to ensure that:

- ▶ effective planning processes are in place;
- ▶ risks are effectively identified and managed;
- ▶ the use of assets is maximized and managed on a life-cycle basis;
- ▶ appropriate processes are in place to measure and report on results;
- ▶ sustainable development principles and practices are applied; and
- ▶ investment decisions support national priorities.

INAC also began work on a comprehensive review of its Capital and Facilities Maintenance (CFM) Program to assess the sustainability and efficiency of the program.

INAC will report its progress on implementing of the LTCP and Capital Management Regime in 2003–04.

Improvements in Water and Sewer Services

The upgrading of existing facilities continued in 2002–03 with allocation of over \$215 million for capital improvements to water and wastewater systems and \$45 million to support the operation and maintenance of facilities. In 2002–03, 98 percent of houses had water delivery and 95 percent had sewage disposal systems (see Figure 4).

Expected Results 2002–03

Improved Health and Safety

Operational

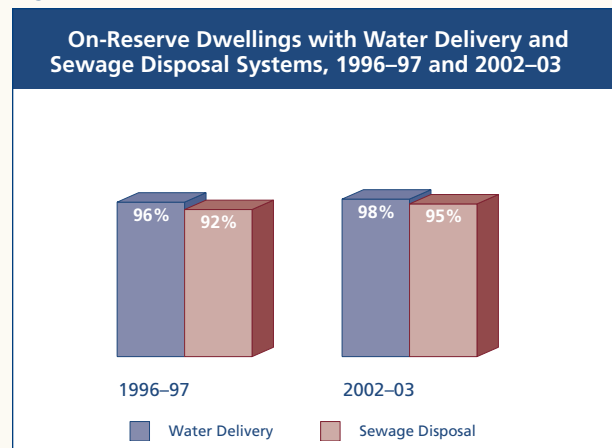
- ▶ Continue to upgrade existing on-reserve water and wastewater facilities and expand access for houses without basic water and sewer services.

Collaborative

- ▶ Finalize and initiate a First Nations water management strategy to provide safe drinking water to First Nations communities. The strategy will be developed in collaboration with First Nations, Health Canada, Environment Canada and others, and will clearly define roles and responsibilities of all parties.
- ▶ Continue to expand training to ensure the safe and efficient operation of water and wastewater plants, improve reporting and strengthen operating standards.
- ▶ Collaborate with First Nations in developing an Environmental Stewardship Strategy under the Indian and Inuit Affairs Program for reserve lands, as per commitments made under INAC's Sustainable Development Strategy 2001–2003.

Source: 2002–03 Report on Plans and Priorities

Figure 4



First Nations Water Management Strategy

In partnership with Health Canada and Environment Canada, a seven-point First Nations Water Management Strategy (FNWMS) was finalized in 2002–03 and announced on May 14, 2003, with the comprehensive national assessment report of water and wastewater systems in First Nations communities. Information regarding the FNWMS is available on INAC's Web site at http://www.ainc-inac.gc.ca/nr/prs/m-a2003/02304bk_e.html

The intended final outcomes the FNWMS are:

- improved water quality and supply and wastewater disposal in First Nations communities;
- reduced health risks associated with water quality and supply in First Nations communities; and
- increased First Nations capacity to operate, manage and maintain water and wastewater facilities.

Some elements of the strategy are already being implemented, as follows:

- increase in number of operators trained and certified, using more thorough training programs;
- a review of current operation and maintenance practices, coupled with an assessment of current funding levels and methodologies;
- development of draft recommendations for water and wastewater standards for First Nations communities;
- a review of monitoring, reporting and communication protocols; and
- enhancement of the database to monitor the progress of high-risk water and wastewater projects and operator training and certification.

The seven-point strategy will be implemented over five years. Implementation will require close collaboration with First Nations and federal partners. The \$605 million, over a five year period, targeted toward safe water supply in First Nations communities, which was announced in the 2003 Federal Budget, will accelerate implementation. Overall results will be measured with regular follow-up of outputs, outcomes, management practices and operational controls.

Because the FNWMS was identified as a strategic risk for the department, an Integrated Accountability and Risk Management Framework has been developed covering both INAC and Health Canada, since the FNWMS will be implemented jointly by the two departments. In addition, incremental measures were included in the FNWMS management regime to address specific key risk areas identified as having the potential to significantly influence the achievement of overall objectives.

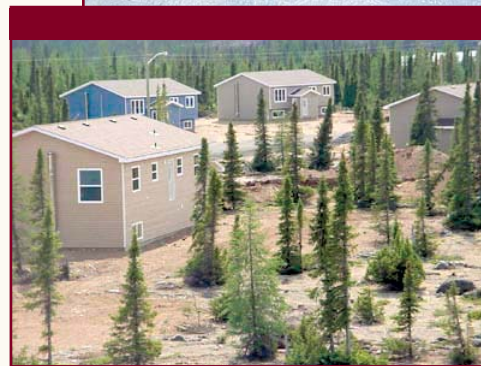
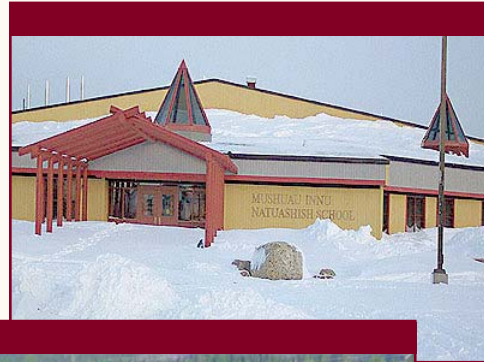
Operator Training

Support for training water and wastewater operators expanded in 2002–03 with an allocation of \$5 million for training and certification. The Circuit Rider Training Program (CRTP) added more CRTP trainers and increased participation by First Nations operators in this program. Out of a total of approximately 1,200 operators, about 450 participated in the CRTP and other training. Training reduces health and safety risks in First Nations communities by improving operators' knowledge of safe and efficient operation of water and wastewater facilities.

Mushuau Innu Relocation Agreement (MIRA)

Through the joint efforts of the Mushuau Innu Band Council, the Government of Canada and the Province of Newfoundland and Labrador, the Mushuau Innu were relocated from Davis Inlet to the new community at Natuashish in December 2002. The physical relocation of the Mushuau Innu community members represented a major step towards bringing closure to the federal government's obligation as outlined in MIRA, signed in November 1996 by Canada, the Province of Newfoundland and Labrador and the Mushuau Innu. The Mushuau Innu view the relocation of the community as an important step in addressing the community's social problems. This agreement provided for the construction of a new community, complete with major infrastructure including: water and sewage, roads, an airport, electrification, nursing and police stations, a post office, maintenance garage, fire hall, band council office and new school. The relocation of the Mushuau Innu is part of a long-term initiative to address the health and social needs of the Labrador Innu.

The Government of Canada remains committed to working with the Band Council to address commitments remaining under MIRA. Currently, negotiations are underway between INAC and the Mushuau Innu regarding an outstanding housing requirement at Natuashish for both Innu and non-Innu professionals (related to health, policing and social services), and the decommissioning of the old community of Davis Inlet.



Labrador Innu Comprehensive Healing Strategy (LICHS)

With the approval of the LICHS in 2001–02, INAC, in conjunction with its federal partners, continued the implementation of the LICHS in 2002–03. The LICHS was developed to address the crisis facing the Labrador Innu and help resolve the serious health and social issues within their communities (Natuashish and Sheshatshiu). It moves beyond dealing with symptoms to develop new ways of looking at governance, social programs, education, policing, and health services.

Registration and reserve creation are key components of the LICHS for which INAC has responsibility. The implementation of registration and reserve creation also support INAC's other key area of responsibility, the provision of funding for basic programs and services to the Innu. These programs relate to education, social programming, governance and operation and maintenance of facilities.

There has been notable progress made on the implementation of the LICHS in 2002–03. Some key milestones have been reached but there have also been some delays and outstanding issues. Registration and band creation for both communities was completed and most members have been registered. Work has been done to foster capacity building and community empowerment, and there is an increased

cooperation and communication among all parties (federal/provincial/Innu). While social problems in the two communities remain, progress has also been made on this front. Work on reserve creation for the two communities is ongoing. While there is an agreement-in-principle in place for reserve creation for Natuashish, it is taking longer than originally anticipated at Sheshatshiu. Sheshatshiu was a pre-existing community with complex land issues which must first be resolved before reserve creation can occur. Specifically, INAC and the Innu must first negotiate land acquisitions, land transfer agreements and resolve other land related issues before an agreement-in-principle can be signed.

Environmental Stewardship Strategy

Development of the Environmental Stewardship Strategy (ESS) was completed in May 2002 and the department is proceeding with the implementation of the ESS Action Plan. This marks a significant commitment by INAC and, specifically by IIAP sectors, to incorporate environmental considerations into their decision-making and operational processes. Consideration of the effects of INAC operations on First Nations lands will ultimately lead to safer First Nations communities.

The first step in implementing the ESS Action Plan involves the renewal and update of the Deputy Minister's memorandum to Management Committee Members of August 20, 1990, regarding environmental protection and the development of an environmental policy for IIAP. This will set up the framework for the development of an IIAP Environmental Management System (EMS) to assist sectors and regions in integrating good environmental management practices into their operations and activities. The EMS will also provide sectors and regions with tools to effectively monitor and report on their compliance with environmental legislation and policies. A proposed Environmental Management Directive will be developed under the EMS to provide guidance in the areas of environmental protection, assessment, conservation and emergency response. The directive is expected to be presented to senior management by the end of 2003–04.

Areas for Improvement and Lessons Learned

Response to the Auditor General's Recommendations Regarding On-Reserve Housing

In April 2003, the Auditor General of Canada submitted a report to Parliament, which included a section relating to housing on reserve. The Auditor General recommended that INAC and the Canada Mortgage and Housing Corporation (CMHC) increase the effectiveness of their housing strategies and better define their respective roles and responsibilities in terms of delivering on-reserve housing programs and services. In consultation with CMHC and Aboriginal organizations, the department is in the process of developing an action plan.

Indian Government Support Program

As required by Treasury Board Secretariat's transfer payments policy, a review and assessment of the IGS program was conducted in association with the renewal of program spending authorities for 2005–06. The assessment revealed some deficiencies in fulfilling the monitoring and reporting requirements of several components of the program.

Analysis indicated that these deficiencies were, in part, associated with the loss of corporate memory in some areas and emphasized the need to ensure that succession planning is fully integrated into human resources management procedures. The analysis also stressed the need to maintain clear lines of responsibility when planning departmental reorganization to ensure the continuity and integrity of the program.

The assessment also revealed the need to ensure sufficient time and resources are dedicated to consultations with First Nations to promote trust and build partnerships.

Education

A National Special Education Working Group, comprising First Nations educators working in the field of special education and INAC officials, was established in March 2002 with implementation beginning in March 2003. The new Special Education Program (SEP) will invest \$248.1 million over the next three years to fund special education programs and services for students living on reserve who have been identified with moderate to profound special education needs. The active participation and leadership of First Nations participants in the Working Group were crucial to its success in developing the program. The Working Group focused its efforts on implementation, development of national guidelines, and identification of baseline data elements and reporting requirements for SEP. The Working Group is optimistic that the incremental funding will result in constructive changes and will improve the quality and level of support services for students with special needs in First Nations schools.

In the Post-Secondary Education (PSE) evaluation workshop conducted in May 2003, both First Nations and INAC recognized the need for improved data to more accurately measure the outcomes and effectiveness of the PSE programs.

Economic Development

Procurement Strategy for Aboriginal Business

There is a need to improve contracting opportunities for Aboriginal suppliers. Many government buyers and an increasingly younger emerging Aboriginal business community have little experience in dealing with each other.

While the number and value of federal government contracts to Aboriginal businesses are increasing, these figures may be misleading as an indication of improved business development. In fact, they may indicate that Aboriginal firms are becoming more dependent on the relatively narrow federal procurement market than is advisable. Business managers and owners point out that Aboriginal firms must focus on developing capacity, supporting growth away from a few federal departments and increasing their competitiveness outside of set-asides.

Priority

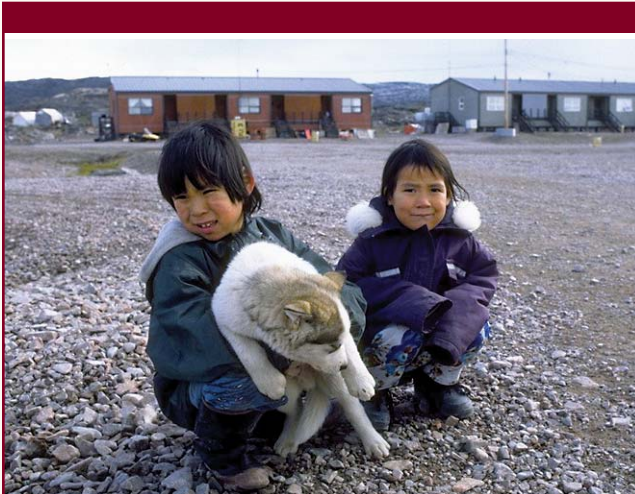
Strengthened Aboriginal Governance

(\$957 million in 2002–03)

How does performance related to this priority contribute to the department's strategic outcomes?

To strengthen Aboriginal governance, INAC is focusing on legislative initiatives and programs that foster First Nations and Inuit governments that are stable, legitimate, culturally relevant and accountable to their people. Initiatives include undertaking statutory and institutional reforms, settling and signing self-government and comprehensive land claims agreements as quickly as possible, and encouraging professional and economic development. They are aimed at giving Aboriginal communities the authorities, resources, capacity, and legislative and institutional support needed to help ensure strong Aboriginal governance.

The legislative governance package that contributes to this outcome includes the proposed *First Nations Governance Act* (FNGA), the proposed *Specific Claims Resolution Act*, the proposed *First Nations Fiscal and Statistical Management Act*, legislation to implement self-government and land claims agreements and the expansion of the *First Nations Land Management Act* (FNLMA).



Improved governance and accountability also involve developing and implementing ways to establish consensus on community development, promote community participation in local decision making and government, and provide long-term cost-effectiveness and integrated documentation of community investments.

Stable, accountable governments must have a stable economic base. The department has undertaken to modernize its land management activities. The overarching objective is to empower First Nations governance, self-sufficiency and economic development by streamlining land management processes, adding claims-based lands to reserves, and providing tools and training for the necessary professional development to facilitate modern and efficient land management. INAC will review existing policies and procedures, including the 53/60 Delegated Authority Program (named for sections of the *Indian Act*) and the Regional Lands Administration Program (RLAP), to address regulatory gaps, service standards for leasing, and designations for major commercial and industrial development projects.

More importantly, RLAP and sections of the 53/60 Program will be transformed and replaced by a new and dynamic co-management program that will strategically place many First Nations communities in a more favourable position to consider alternative legislation such as the FNLMA and self-government agreements.

As an interim step to self-government for many First Nations that still operate under the *Indian Act*, the proposed FNGA and other initiatives provide a framework for effective First Nations governance, management of land and natural resources, and accountability.

Initiatives such as the FNLMA, the Indian Oil and Gas Pilot Initiative, and comprehensive claims negotiations enhance First Nations governance and accountability by increasing First Nations' involvement in the management of land and natural resources, providing economic development opportunities, creating partnerships with other public or private sector interests, and establishing effective and culturally appropriate environmental regulatory regimes.

Settling claims and promoting self-government benefits Aboriginal people and all Canadians by providing First Nations and Inuit communities with the authorities, resources and economic base they need to improve socio-economic conditions and decrease social dependency. Claims settlements also create certainty about titles to land and access to resources, which in turn facilitates stable economic development.

What are the benefits and results for Canadians?

Strengthening Governance

- ▶ Governance capacity-building initiatives
- ▶ Self-government and claims agreements
- ▶ Devolved federal responsibilities

What challenges and opportunities do we face and what are the risks associated with delivering — or not delivering — on this priority?

Collaborative Circle

Over the last decade, communities, the federal government and outside experts have recognized that community-driven planning is fundamental to building self-reliant, healthy and functional First Nations and Inuit communities.

The legal, financial and social costs of failing to deliver on this priority are significant. Failure to achieve comprehensive land claims settlements, modern treaties and negotiated self-government agreements not only results in increased legal costs to settle issues in court, but there is also the risk that courts will make decisions that could significantly affect policies. Other costs include lost opportunities for sustainable development of land and resources by First Nations communities, loss of investments, and loss of socio-economic benefits for Aboriginal communities and Canada as a whole.

Progress on negotiations to address Aboriginal rights, grievances and aspirations for self-government is intertwined with progress on improving quality of life. Negotiations cannot be put on hold to focus exclusively on socio-economic issues. Without negotiated settlements, litigation and confrontation will continue to grow and continue to affect First Nations' quality of life. While providing guiding principles in relation to Aboriginal issues, the courts have reminded us that issues are better addressed through negotiated settlements.

Settlement of valid specific claims enables Canada to meet outstanding lawful obligations to First Nations. Resolution of these grievances provides many benefits, such as clarification of title, elimination of continuing liability and an improved relationship between Canada and First Nations, that directly affect quality of life.

Challenges in achieving desired outcomes include the following: small size and isolation of many communities; diversity of cultures; diversity of goals and visions of governance; disparities in human, financial and natural resources; historical imbalances of power and dependency; absence of a regulatory regime to allow for major commercial and industrial projects to operate on reserve; the need for new inter-governmental relationships and partnerships with federal, provincial, territorial and Aboriginal governments; outstanding land claims and the issues involved in reaching self-government and claims agreements; and lack of public understanding of Aboriginal rights and the issues involved and potential opportunities arising from improved Aboriginal governance and self-government.

Operational Circle

INAC is implementing a Performance Management Framework for its land claims and self-government processes, including new internal reporting and evaluation activities; consolidation of authorities; new fiscal mechanisms; and streamlined external machinery reforms.

To invest strategically in projects that promote capacity building, professional development and governance, INAC must develop partnerships with Aboriginal people, other federal government departments, and provincial and territorial governments, as well as with the academic community.

Failure to improve the governance framework under the *Indian Act* will lead to continuation of the status quo: continued federal government involvement in day-to-day operations of First Nations governments and communities; continued dependency on the federal government; continued lack of First Nations' involvement in decision making; significant gaps in leadership, administration, financial management, accountability and citizen redress; and disincentives for economic development. It will increase political instability and result in a lengthier and more difficult transition to self-government. It will also contribute to ongoing litigation in areas related to the *Canadian Charter of Rights and Freedoms* and administration under the *Indian Act*.

What did we accomplish in 2002–03?

Governance Capacity-building Initiatives

Building First Nations Capacity

The Negotiations Preparedness Initiative (NPI) is a proposal-driven funding initiative to assist Aboriginal groups that have asserted Aboriginal title to prepare for negotiations on land and resource components of their comprehensive claim settlements. In 2002–03, the NPI funded 82 proposals totalling approximately \$11.8 million. The majority of these proposals were for development of training and skills in land and resource management, development of a land management database, research into traditional land use, and community consultations.

The National Aboriginal Land Managers Association (NALMA), now in its third year, continues to offer technical support and information to its members and to INAC staff. INAC may see the mandates for NALMA's Tribal Councils and the Lands Advisory Board expanded in light of the new Reserve Land Management Program currently being designed and scheduled for launch on April 1, 2004.

As well, the department continued to provide bylaw training sessions to First Nations, First Nations law enforcement agencies and regional INAC staff.

Expected Results 2002–03

Governance Capacity-building Initiatives

Operational

- ▶ Strategic allocation of funds to build the capacity of First Nations and Inuit to negotiate the land and resources components of treaty negotiations.
- ▶ Strategic allocation of funding to support governance initiatives such as the streamlining of self-government.
- ▶ Development of a framework for the governance of oil and gas by pilot First Nations and others.

Collaborative

- ▶ A 5-percent annual increase is projected for First Nations' participation in the 53/60 program and RLAP. Evaluation of both programs to be undertaken.
- ▶ Building First Nations' capacity in human and institutional resources for governance, through First Nations administrations and such professional associations as the National Aboriginal Land Managers Association and the National Aboriginal Forestry Association.
- ▶ Governance legislation and development of new models and processes to support First Nations aggregations, nation rebuilding, constitutions and draft laws.
- ▶ The creation of a national professional association of First Nations and Tribal Council electoral officers. The association would comprise accredited, non-departmental officers responsible for the administration of *Indian Act* elections. Performance and effectiveness will be measured by a decrease in the number of election appeals submitted to INAC and an increase in the overall involvement of First Nations people in the administration of *Indian Act* elections and community governance activities.

Source: 2002–03 Report on Plans and Priorities

Management of Oil and Gas and First Nation Moneys

A Framework Proposal for the management of oil and gas and First Nation moneys is being negotiated with INAC by three First Nations participating in the Oil and Gas Pilot Project (Kainaiwa, Siksika and White Bear). It will serve as a guideline for the petroleum resource management and Indian moneys policy initiative (see Renewed Partnerships — Stronger Working Relationships with Aboriginal People and Organizations).

The Framework Proposal is based on the principles that First Nations should have the option to manage the exploration and exploitation of oil and gas on reserve including management of moneys derived from these activities, and that they should also have the option to receive Indian moneys held in trust by Canada in the Consolidated Revenue Fund (CRF). Controlling and managing these resources, revenues and moneys held in trust will enable First Nations to respond to, participate in and benefit from economic development opportunities.

Through the First Nations-led pilot project, First Nations administrators have received extensive training to develop capacity, gaining hands-on experience in day-to-day management of oil and gas resources. An external evaluation completed in March 2003 assessed the ability of the First Nations participating in the pilot project to carry out this function, identified areas requiring further development, and recommended action.

Regional Lands Administration Program and 53/60 Program

Evaluation of the RLAP and the 53/60 Program, completed in fall 2002, demonstrated a need for a reserve lands management program that was responsive and supportive of real needs. It indicated that these programs were too limited to provide First Nations lands managers with the capacity, tools and resources they need to meet their responsibilities. In light of these findings, INAC is working closely with NALMA, the Lands Advisory Board, and representatives from INAC's regional offices and relevant sectors, to develop a new program more responsive to the real needs of First Nations lands managers. Other federal government departments, including Human Resources Development Canada, the Department of Justice and Natural Resources Canada, are collaborating on the design of the new program, which will be considered late in 2003–04. This work is focused on integrating lands transactions, managing rights and interests, fostering environmental and natural resources stewardship, and planning land use, as well as on providing the tools First Nations lands managers need to adequately assume their responsibilities.

First Nations Governance Legislation

The proposed *First Nations Governance Act* — Bill C-61, an Act respecting leadership selection, administration of government and financial management accountability of Indian bands, and to make related amendments to other Acts — was introduced in June 2002 in the First Session of the Thirty-seventh Parliament and reintroduced as Bill C-7 in the Second Session. The Bill received first reading on October 9, 2002, and, prior to second reading, was referred to the Standing Committee on Aboriginal Affairs, Northern Development and Natural Resources. The Standing Committee held public hearings with First Nations and other interested parties in all parts of Canada. In response to approximately 280 presentations, the Standing Committee recommended major improvements.

The Standing Committee reported back to the House of Commons on its proposed amendments on May 28, 2003, during the combined report and second reading stages of Bill C-7. However, the House of Commons did not complete its debates before adjourning for summer recess. It will continue to debate the Bill, including all proposed amendments, when it reconvenes in September 2003.

Self-government and Claims Agreements

Guidelines

Guidelines for the Acquisition and Holding of Federal Crown Lands for Comprehensive Claims Settlement Purposes received departmental approval in February 2003. In addition, general guidelines on penitentiaries and parole for federal negotiators were approved by the Federal Steering Committee and distributed to negotiators. Guidelines were also initiated in the following areas: ratification, membership, certainty, non-member political representation and third-party consultations. Guidelines facilitate negotiations and help speed agreements with First Nations.

Self-government and Claims Tables — Key Milestones

Key milestones were achieved in several comprehensive claims negotiations processes, as follows:

- In the Yukon, technical and legal drafting was substantially completed on land claims and self-government final agreements with three First Nations.
- In the Northwest Territories, the Tlicho (Dogrib) land claim and self-government final agreement was initialled by the chief negotiator in March 2003 and the ratification process has begun.
- Negotiations were completed on an Interim Resource Development Agreement with Deh Cho First Nations, which provides for an oil and gas exploration right issuing process to commence under the *Canada Petroleum Resource Act* one year after the signature of the agreement.
- An agreement-in-principle of a general nature between Canada, Quebec and the Mamuitun Tribal Council was initialled by the chief negotiator in June 2002.
- An agreement-in-principle was signed with the Nunavik Inuit on the offshore islands in Nunavut on October 25, 2002. Steady progress was also made on a land claim and self-government final agreement with the Labrador Inuit.

Negotiations are progressing at a number of tables in British Columbia:

- In 2003, two agreements-in-principle (land and resources; governance) were initialled by Canada, British Columbia and the Snuneymuxw First Nation.
- Agreements-in-principle with the Lheidli T'enneh, Sliammon and Maa-nulth First Nations are very close to complete.
- Tsawwassen agreement-in-principle negotiations are making substantial progress.

Other key milestones reached at stand-alone self-government tables include the following: agreements-in-principle on education were signed with the Fort Frances Tribal Council and the Union of Ontario Indians in November 2002; the Westbank

Expected Results 2002–03

Self-government and Claims Agreements

Operational

- Approval of guidelines and mandates for self-government and claims negotiations.
- Public education materials on self-government and claims.
- Streamlining of internal processes for negotiation and approval of self-government and comprehensive claims agreements and focusing on those negotiating tables that are producing promising results.
- Implementation of measures to advance treaty negotiations under the British Columbia treaty process.

Collaborative

- Achievement of key milestones at self-government and claims tables, including framework agreements, agreements-in-principle, final agreements, implementation plans and fiscal agreements.

Source: 2002–03 Report on Plans and Priorities

Final Agreement was completed in March 2003 and a ratification vote scheduled for May 2003; and plans were also being finalized for the signing of the Inuvialuit/Gwich'in agreement-in-principle in April 2003.

Devolved Federal Responsibilities

First Nations Land Management Act

The Framework Agreement on First Nations Land Management and the FNLMA constitute an important step toward self-government. Originally open to 14 signatory First Nations, this government-to-government initiative enables participating

<p>Expected Results 2002–03</p> <p>Devolved Federal Responsibilities</p> <p>Collaborative</p> <ul style="list-style-type: none"> ▶ Expansion of the <i>First Nations Land Management Act</i> (FNLMA) to include up to 30 additional First Nations. ▶ Increased capacity and management of lands and resources within a number of First Nations under the FNLMA. ▶ Improved land management and resolution of outstanding land management issues (e.g., environment, transactions and surveys) within FNLMA First Nations. <p>Source: 2002–03 Report on Plans and Priorities</p>	<p>First Nations to go beyond the land administration sections of the <i>Indian Act</i> to reserve land management, and then to proceed to managing their lands and resources with more decision making at the community level.</p> <p>To date, approximately 100 First Nations have expressed an interest in and/or submitted band council resolutions to opt into the framework under the FNLMA. In response to demand, on March 20, 2002, the INAC Minister opened up the framework to a "rolling" number of qualified First Nations, to include up to 30 every two years, or 15 each year. On March 31, 2003, 17 new First Nations signed the Framework Agreement ren-</p>
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dering them eligible to implement the FNLMA in their communities.

This year the Opaskwayak Cree Nation (Manitoba) and the McLeod Lake Indian Band (British Columbia) have successfully ratified their land codes through community approval and are now operational FNLMA First Nations.

The department, working jointly with the Lands Advisory Board, will continue to help signatory First Nations navigate the transition process from the *Indian Act* to the FNLMA, by developing land codes, conducting environmental assessments and finalizing funding issues. The department will also continue to work with these First Nations and the Advisory Board to develop capacity through use of land management tools that foster the effectiveness of the initiative.

Areas for Improvement and Lessons Learned

National Associations of First Nations and Tribal Council Electoral Officers

This initiative did not evolve as originally anticipated owing to the higher priority accorded to First Nations governance. However, the department continued to deliver training courses across Canada. Three electoral officers training sessions took place (Edmonton — May 2002; Toronto — March 2003; Moncton — March 2003), and two election appeal investigation training courses were conducted (Saskatoon — September 2002; Winnipeg — January 2003). These courses were mostly attended by First Nations members. A revamped *Electoral Officer's Handbook* was also developed and distributed to participants at each of the March sessions of

the electoral officer training. Electoral officers and band governance staff in the regional offices provided very positive feedback. The majority of comments point to the need for increased user friendliness for instructions related to specific aspects of the electoral process, improved forms and the development of new ones, and improved instructions for issues not addressed in previous versions of the handbook.

Streamlining Internal Operations

An independent review of the internal processes and the approvals system was conducted and changes are being implemented to streamline these operations. The department has begun an annual diagnostic assessment of each negotiation table. Assessments use standardized criteria to measure how negotiations are progressing on key elements of the program management framework (e.g., capacity of the parties to the negotiations, shared vision, and relationship or extent of support for the negotiations). The goal is to identify key issues and risks that must be addressed on a priority basis to facilitate progress, from Framework Agreement through Final Agreement. The assessments have demonstrated that the vast majority of negotiation tables are productive. Self-government and claims tables are also continuously reviewed and monitored for progress and results achieved against products and milestones identified in jointly approved work plans. A mid-year review of work plans by the main table has also been incorporated into terms and conditions for funding, to ensure the review and revision of milestones and deliverables. This measure has helped ensure that negotiations remain on target.

In British Columbia, assessments conducted and shared with each table identified 12 tables as making little or no progress. In early January 2003, the chief federal negotiators sent letters noting slow progress to the 12 tables: since then, four tables have developed work plans with tangible milestones and negotiations are proceeding; seven tables require more time to meet the conditions set out in the letters.

In 2002, a tripartite report on mutually acceptable ways of making the British Columbia treaty process more effective led to detailed discussions on: efficiencies (tripartite table assessments and work plans); incremental treaty-making; funding support for negotiations; revenue sharing; and cooperative land and resource management.

The tripartite discussions led to policy changes by the federal government and the province, which are reinvigorating the British Columbia treaty process. A key addition is the strategic use of an incremental approach to treaty negotiation and implementation at tables where such an approach is likely to create added momentum and increase the likelihood of concluding treaties in the foreseeable future. Incremental Treaty Agreements would be time-limited, legally binding agreements that establish a significant degree of certainty on treaty matters until a full treaty can be concluded. In return, Canada and British Columbia would conditionally provide a portion of treaty benefits in a way that maintains the incentive to conclude negotiations in a permanent manner through a treaty. Constructive discussions are also under way with respect to cooperative management and revenue sharing.

Priority

New Fiscal Relationship

(\$5 million in 2002–03)

How does performance related to this priority contribute to the department's strategic outcomes?

A new fiscal relationship will take time to develop but, supported by an effective governance framework, will lead to more stable and predictable funding and increased self-reliance for First Nations. Together, the new fiscal relationship and governance framework will support delivery of programs and services, public confidence in First Nations governments, greater stability and more effective use of financial resources. Fostering good government and accountability, in conjunction with INAC's Sustainable Development Strategy on community planning, will also increase investor confidence, support economic partnerships and improve living conditions in First Nations communities.

INAC is committed to helping create, maintain and support effective governance and intergovernmental relationships, including fiscal relationships, by achieving three objectives:

- First Nations and Inuit governments that have the institutional and human resources capacity for managing new fiscal arrangements;
- fiscal arrangements that are transparent, stable and predictable, and that support the generation of own-source revenues; and
- accountability by First Nations and Inuit governments to their members, as well as appropriate intergovernmental accountabilities.

A new fiscal relationship will support the effective use of existing financial resources for delivery of essential programs and services, while removing barriers to greater participation in the Canadian economy by First Nations and Inuit.

Finally, harmonization of the many funding processes for First Nations by federal government departments will result in a less complex, more streamlined administrative system that is more conducive to local and intergovernmental accountability.

What are the benefits and results for Canadians?

Strengthening Governance

- Effective governance and fiscal relationships, including new fiscal arrangement models and practical examples
- New fiscal and statistical institutions
- Strengthened governance and fiscal accountability
- Financial management skills and capacity in First Nations

What challenges and opportunities do we face and what are the risks associated with delivering — or not delivering — on this priority?

Collaborative Circle

The legacy of the *Indian Act*, combined with devolution, have resulted in varying degrees of capacity to effectively exercise governance and fiscal management among the more than 600 First Nations and Inuit communities. Without a new fiscal relationship, barriers to fuller participation in the economy will persist: some First Nations will be faced with managing increasingly complex financial operations without sufficient infrastructure or human resources; First Nations may also miss opportunities through inability to provide the financial information required for Canada-First Nations funding processes and for local decision making. Furthermore, without the necessary infrastructure in place, Canada risks losing the trust and goodwill that have been built up with First Nations and professional communities. Finally, without a new fiscal model, increasing budgetary needs by First Nations may erode public support, including public support for self-government.

Other challenges include the small size and isolation of many communities; the degree of dependency on federal funding; limited ability to generate own-source revenues and economic opportunities in an increasingly market-driven economy; and the limitations of the *Indian Act* concerning Indian moneys. The lack of legislated accountability makes administering public funds and delivering programs and services even more complex. The evolving and variable state of relationships between First Nations and Inuit communities and federal, provincial and territorial governments also affects the achievement of desired outcomes. Finally, the state of regional and national economies has a large impact on outcomes.



Many federal government departments fund First Nations, leading to duplication, fragmentation and inefficiencies. Harmonizing funding processes would create a less complex and less burdensome environment for accountability and results-based management, and foster a more encompassing and comprehensive view of the Canada-First Nations relationship. Challenges to implementing government-to-government fiscal relations include the following:

- the need to implement new, more flexible funding arrangements;
- the need to reduce the reporting burden of First Nations;
- complexities involved in reaching fiscal arrangements in self-government and land claims agreements; and
- the need for increased public understanding of, and support for, new governance, fiscal and accountability arrangements, and supporting institutions, as effective and sustainable ways to improve the socio-economic conditions of First Nations and Inuit.

The current *Indian Act* is an inadequate framework for modern governance and fiscal relationships. It lacks a framework for accountability and administration of government (i.e., it focuses on the relationship of the Chief and Council to the Minister as opposed to their relationship with their community). It limits access to capital and collateral, obliges INAC to continue administering trust funds, and controls alternatives for managing First Nations funds. It vests substantial power in the INAC Minister, such as the approval of all local revenue laws.

Competing political philosophies represent a key challenge to creating a new fiscal relationship with First Nations. INAC's pragmatic, incremental approach is contested by some First Nations leaders, who favour negotiating a rights-based agenda. To build broad-based support for a new fiscal relationship, it will be necessary to demonstrate the connection between a pragmatic, incremental approach and self-government.

Successful negotiation and implementation of self-government agreements require an entrepreneurial approach and a degree of comfort with risk-taking. This may represent a challenge for First Nations communities that prefer, or are used to, risk avoidance. Other challenges include:

- gaining wider acceptance from First Nations and Inuit governments and people on the benefits of developing and using own-source revenues;
- increasing the institutional and human resources capacity of First Nations and Inuit to generate own-source revenues and manage fiscal matters;
- engaging First Nations in developing federal laws to meet their needs, while respecting the right of Parliamentarians to be the first to view draft legislation; and
- improving connectivity infrastructure to enable better access to on-line government information and services for remote First Nations and Inuit communities.

Operational Circle

It is an ongoing challenge to make strategic investments that will result in good governance, strengthened accountability, and increased institutional and human resources capacity. Another ongoing challenge involves developing and maintaining effective partnerships with First Nations and Inuit governments, other governments, academic and professional communities, and other stakeholders.

Specific challenges to negotiating and implementing a new fiscal relationship include the following:

- developing effective governance structures such as the *First Nations Governance Act* and regulations for the many First Nations that still operate under the *Indian Act*;
- developing appropriate mandates, guidelines and provisions for fiscal accountability for self-government negotiators;
- moving beyond theory and into practice in terms of integrated regimes for real property taxation, bond financing, financial management and improved statistical capacity, with few if any bases of comparison in the country; and
- providing effective support to facilitate complex fiscal negotiations, given current resource levels and authorities.

What did we accomplish in 2002–03?

Effective Governance and Fiscal Relationships, Including New Fiscal Arrangement Models and Practical Examples

Fiscal Guidelines for Self-government Negotiations

Revised fiscal guidelines for federal self-government negotiators were approved by the Federal Steering Committee in June 2002 and were distributed to negotiators for use in self-government negotiations. These guidelines explain the federal position on the basic framework surrounding the financing of self-government and assist in building a new intergovernmental fiscal relationship.

New Fiscal Arrangements

In continuing the process of sharing information and analysing alternative approaches and fiscal arrangements models, the National Table on Fiscal Relations (NTFR) and the British Columbia Fiscal Relations Working Group (BCFRWG) have played a role in creating greater public understanding of, and support for, new fiscal arrangements.

The NTFR engaged in innovative research that explored new fiscal possibilities and participated in two conferences (one on indigenous governance in the context of a federation, and the other on fiscal relations, specifically transfers) to help communicate research findings to Aboriginal groups, governments and citizens. By the end of 2002–03, the NTFR completed its work on a number of research projects including: measuring and implementing expenditure comparability for First Nations; dispute resolution mechanisms; technical options with respect to fiscal transfers; and a draft of a Report to Canadians on the work of the NTFR.

The BCFRWG, which comprises representatives from the governments of Canada and British Columbia and the First Nations Summit, has completed its work and presented its Tripartite Final Report to Principles in June 2003. During the past year, the Working Group focused on three main tasks: in-depth exploration and analysis of each party's interest to identify where parties share common interests and where they diverge; development of three options for structuring a self-government fiscal relationship and a qualitative evaluation of options according to criteria based on each party's interests; and development of three representative community profiles and a spreadsheet model designed to aid quantitative analysis of fiscal options.

Expected Results 2002–03

Effective Governance and Fiscal Relationships, Including New Fiscal Arrangement Models and Practical Examples

Operational

► Approve guidelines and mandates for fiscal and governance negotiations. The guidelines will help federal self-government negotiators explain to First Nations the federal position on the basic framework surrounding the financing of self-government and assist in building a new intergovernmental fiscal relationship.

Collaborative

► Through the National Table on Fiscal Relations and the British Columbia Fiscal Relations Working Group, and in collaboration with other federal departments and agencies and Aboriginal and provincial partners as appropriate, continue the process of sharing information and analysing alternative approaches and fiscal arrangements models.

► Through legislation, provide the legal and institutional framework for First Nations to gain access to lower-cost, long-term capital for development purposes, in the same way as other local governments.

Source: 2002–03 Report on Plans and Priorities

A more user-friendly version of the spreadsheet model was developed for use at individual negotiation tables. As a result of this work, parties now have a deeper understanding of each others' interests and of key issues they will need to address at individual negotiation tables.

Access to Capital

On December 2, 2002 the *First Nations Fiscal and Statistical Management Act* (Bill C-19) was introduced in the House of Commons. It sets out the legal and institutional framework by which First Nations may access the bond market to secure investment capital at affordable rates. This arrangement will be a first for indigenous peoples internationally.

Pre-eminent credit raters confirm the structure will support the issue of "investment grade securities" by First Nations. These securities would be supported by securitizing (pledging) a portion of the real property tax base or other sources of long-term stable revenue. This borrowing regime is a variation of the Municipal Finance Authority of British Columbia, which has a 30-year track record and an enviable "AAA" credit rating.

The regime is expected to reduce the cost of borrowing by some 30 to 50 percent and to provide a better balance between taxpayers' costs and services. Moneys borrowed will support economic development as well as an improved quality of life.

New Fiscal and Statistical Institutions

Legislation

The FNFSM (Bill C-19) will also provide for real property taxation powers by First Nations and to establish as public institutions a First Nations Tax Commission, First Nations Financial Management Board, First Nations Finance Authority and First Nations Statistical Institute.

Expected Results 2002–03

New Fiscal and Statistical Institutions

Collaborative

► Introduce legislation for an integrated suite of First Nations public institutions similar to the types of fiscal infrastructure that support other governments, including a First Nations Finance Authority, Financial Management Board, Tax Commission and Statistical Institute.

Source: 2002–03 Report on Plans and Priorities

These institutions would provide the necessary authorities to strengthen First Nations real property tax regimes, create First Nations bond financing, promote First Nations economic development and strengthen First Nations statistical capacity.

Consultations with First Nations members on the draft legislation occurred over the reporting period, aided by First Nations advisory panels whose national outreach programs obtained input from First Nations people. Throughout the process, First Nations proponents have demonstrated their commitment to building strong First Nations economies and an improved quality of life.

Strengthened Governance and Fiscal Accountability

Financial and Accountability Mandates and Guidelines

A core interdepartmental Accountability Working Group was established and tasked with further developing the accountability portion of the fiscal guidelines for federal self-government negotiators. This work will be ongoing in 2003–04 and possibly beyond.

First Nations Governance Legislation

The proposed *First Nations Governance Act*, Bill C-61, will support and facilitate more effective and transparent accountability. The status of the proposed legislation is discussed under Strengthened Aboriginal Governance.

Financial Control and Reporting Requirements

First Nations and Inuit governments must provide the department and First Nations members with audited financial statements prepared in accordance with generally accepted accounting principles. In addition, pursuant to requirements for financial and other reporting in Funding Agreements, INAC has developed and implemented a Management Control Framework and policy for the receipt of reporting requirements. This policy provides guidance with respect to compliance and standards, which assists the department to intervene and communicate with recipients when problems are identified.

Expected Results 2002–03

Strengthened Governance and Fiscal Accountability

Operational

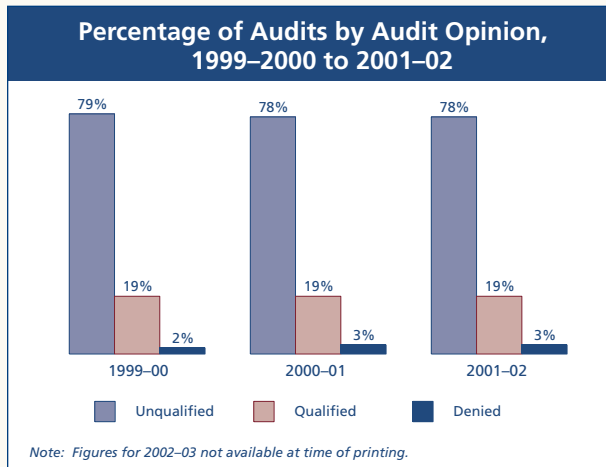
- ▶ Approval and update of financial and accountability mandates and guidelines, to support and facilitate self-government negotiations.
- ▶ The proposed First Nations Governance legislation framework will support and facilitate more effective and transparent accountability.

Collaborative

- ▶ Compliance by First Nations and Inuit governments with generally accepted standards of financial control and reporting requirements, as demonstrated by unqualified audits by certified independent auditors.
- ▶ Accountability by First Nations and Inuit governments to their own members, as demonstrated by improved quality of financial reporting and a decrease in allegations and complaints of financial mismanagement.
- ▶ Implementation of enhanced local accountability measures, as demonstrated by: completed First Nations accountability, management assessment and development plans to address opportunities for improvements; increased number of First Nations annual financial statements that meet quality standards and time lines; increased number of effective remedial management plans in place; and improvements in budgeting, internal controls, reporting and auditing standards.
- ▶ Set out the First Nations Real Property Tax System in legislation to strengthen, in part, ratepayer (residential, commercial and industrial) representation and redress.

Source: 2002–03 Report on Plans and Priorities

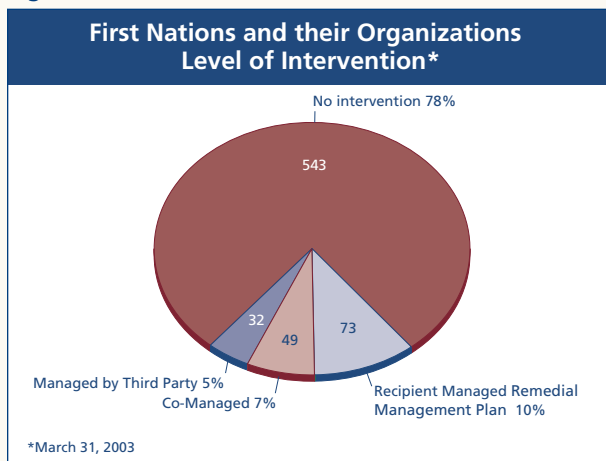
Figure 5



The number of recipients that received clear (unqualified) opinions on their financial statements remains stable at 78 percent (see Figure 5) and ongoing efforts have improved access by members to audited financial statements.

INAC reviews and assesses financial health and compliance with financial and program requirements of Funding Agreements. Failure to meet any of the terms and conditions of the agreement, for instance by excessive debt, will trigger intervention measures. Depending on the severity of the default identified and on the Council's willingness to remedy the situation, the level of intervention rises, from a recipient-managed level, to a co-managed level, to one that is managed by a third party. As of March 31, 2003, 22 percent of First Nations, Tribal Councils and political organizations were under some form of intervention, as shown in Figure 6. The department has introduced a new Third Party Manager Policy in 2002-03 to increase the effectiveness of this level of ministerial intervention.

Figure 6



Real Property Tax System

The proposed *First Nations Fiscal and Statistical Management Act* (Bill C-19) will provide increased transparency and certainty for First Nations real property taxpayers, including mechanisms for taxpayer representation in law making, appeal and dispute resolution.

The existing First Nations real property tax system exists largely in the form of policies and procedures developed by the Indian Taxation Advisory Board since its creation in 1988. These are now being set out in statute and amended based on experience gained over the past 15 years. The Board would be replaced by a First Nations Tax Commission with enhanced powers to oversee the First Nations tax system and reconcile the interests of communities and taxpayers.

Financial Management Skills and Capacity in First Nations

Funding Support

INAC continues to support the development of financial capacity through Gathering Strength funds:

- ▶ The Aboriginal Financial Officers Association of Canada Inc. (AFOA-Canada), as well as its British Columbia and Atlantic chapters, were funded in support of their ongoing efforts.
- ▶ The Saskatchewan region was provided funding for Treaty 4 workshops on the development of financial management and accountability codes.
- ▶ In the Quebec region, financial resources were provided for Tribal Councils to develop similar financial management and accountability coding.
- ▶ In Alberta, funding was given for a financial officers' workshop; in the Northwest Territories, the School of Community Development was funded; and in the Manitoba region, the Aboriginal Leadership Institute/Island Lake Area was funded on initiatives related to First Nations Governance (FNG).
- ▶ The Ontario region received funding for FNG financial management code development.

In addition, funding was provided to approximately 30 Aboriginal groups across the country for communication, consultation, governance and constitution modelling, and capacity building for the transition to self-government. A few highlights of achievements by these groups in 2002–03 using Gathering Strength funds include:

- ▶ The Dogrib First Nation hosted many community consultations and regional workshops to update their communities on the current status of negotiations and any outstanding issues. Six working groups were established to assist the main table on specific matters, such as: own-source revenue, taxation and certainty. Also, a final version of the Tlicho Constitution was prepared, and many communication materials were developed and distributed to the population.
- ▶ The Meadow Lake Tribal Council hosted workshops and meetings, and delivered presentations to promote self-government. Newsletters have been published regularly during the course of the year. Also, work on constitution models and fiscal and implementation issues was undertaken.

Expected Results 2002–03

Financial Management Skills and Capacity in First Nations

Operational

- ▶ Strategic allocation of Gathering Strength capacity-building funding for initiatives to strengthen financial management and accountability.

Collaborative

- ▶ Improved capacity for community financial management, as demonstrated by the development of Certified Financial Managers, with certification processes developed and supported at community levels.
- ▶ Improved engagement of First Nations in the development of financial management capacity, as demonstrated by appropriately conducted block funding arrangements and by the number of agreements signed by First Nations regarding financial operations.
- ▶ Continued support for the Aboriginal Financial Officers Association of Canada (AFOA-Canada) in developing its professional program to expand the pool of Certified Aboriginal Financial Managers, thereby augmenting the expertise available for better accountability and results-based management.
- ▶ Continued support for AFOA-Canada in developing its KSI project, a virtual professional development network, in strategic partnership with the Global Development Group of Care Canada. KSI will promulgate "best practices" leading to transparent and accountable First Nations self-governments.

Source: 2002–03 Report on Plans and Priorities

- The Westbank First Nation prepared a major campaign on its third ratification vote, developed extensive communication materials, and hosted many information sessions.

Financial Management Capacity/Professional Development

AFOA-Canada continues to work to develop financial management capacity by improving certification and examination requirements, in close cooperation with the Certified General Accountants Association of Canada (CGA). The Certified Aboriginal Financial Manager (CAFM) designation and training program was launched in 2001–02 through a strategic partnership between the AFOA-Canada and the CGA. The CAFM designation is roughly equivalent to the first three years of the CGA professional accountancy program, enriched with three new courses to tailor this knowledge to First Nations. It gives CAFMs a unique level of professional mobility on and off reserves, and jobs await them in both places. The CAFM accreditation promotes professional development in a field that has not attracted enough First Nations people; it also provides a hiring standard for First Nations employers.

In 2002–03 AFOA-Canada membership increased to just over 500 members; 100 individuals were granted the CAFM designation accredited through the Special Arrangement Provision. The association has also established chapters in eight provinces and one territory. Details of the CAFM program are available on the AFOA-Canada Web site at <http://www.foa.ca>.

In addition, in 2002–03, Phase 1 of the Knowledge Sharing Infrastructure Project was completed. Phase 1 established high-speed, low-bandwidth distance-learning tailored to First Nations needs. Health Canada used this technology to launch its national Information Technology Internship Program with AFOA-Canada: an Aboriginal recruitment centre was integrated into the project and Aboriginal interns were trained to improve informatics support to nursing stations on reserve across Canada.

AFOA-Canada recognizes that for the project to be supported by its members, it must become a virtual service association by bringing professional development opportunities and offering a support network to First Nations public servants who manage important responsibilities, often in isolated settings. Phase II is expected to be launched in 2003–04 to help it realize that goal.

Areas for Improvement and Lessons Learned

Allegations and Complaints

The department's national Policy on Dealing with Allegations and Complaints was approved in December 2002 to provide consistency in dealing with concerns raised about First Nations and Inuit government bodies and organizations. The department noted an increase in the number of allegations (116 compared with 101 for 2001–02) and in the number of complaints (265 compared with 207 in 2001–02). These increases are attributed to the implementation of INAC's allegations and complaints communication strategies, including the posting of the approved policy and a backgrounder to the department's inter/intranet Web site coinciding with the proposed First Nations Governance legislation and the extensive consultation process which increased awareness to governance concerns, as expressed by the participants.

Allegations focused on matters such as possible misappropriation of funds or corrupt electoral practices, while complaints related to access to information and matters concerning eligibility for program delivery.

Consultations on the *First Nations Fiscal and Statistical Management Act (Bill C-19)*

First Nations proponents of this initiative participated in the process from the conceptual stage through to early drafting of legislation and regulations. The department has also worked closely with "expert partners" (e.g., the Municipal Finance Authority of British Columbia and the pre-eminent credit rater, Moody's Investor Services) on technical and financial aspects of the legislation.

The consultative approach has resulted in an encouraging degree of support and buy-in from First Nations proponents. The integrity of the proposed bond-financing regime has also been endorsed by the expert partners that indicate that an "A" investment grade can be achieved by the proposed borrowing regime.

There was some late opposition to the Bill, despite broad consultations on the legislation. This posed the dilemma of gauging the nature and scope of opposition, and balancing the consultation activities with respect for the Parliamentary process.

Also, given that this is a very much First Nations-led initiative, one of the more delicate issues involved keeping First Nations proponents very much in the foreground, while not compromising Cabinet confidences.

Auditor General's Report on First Nations Reporting to Federal Organizations

The Auditor General of Canada's report on First Nations Reporting to Federal Organizations (<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20021201ce.html>) was tabled in Parliament on December 3, 2002. One of the main findings was that a "reporting burden" is placed on First Nations communities for the many programs and services they receive from many sources of federal funding. The department acknowledges that the federal government as a whole needs to address the reporting issue together with First Nations to find the most effective reporting mechanisms that ensure transparency, administrative efficiency and meaningful performance-based reporting. The federal government is addressing these concerns through the Federal Interdepartmental Review Committee. This committee will review reporting requirements within the context of a horizontal federal accountability framework for Aboriginal program delivery.

Priority

Renewed Partnerships

(\$306 million in 2002–03)

How does performance related to this priority contribute to the department's strategic outcomes?

The Government of Canada is committed to renewing partnerships by dealing with the legacies of past problems and moving beyond grievances so that, together with First Nations and Inuit leaders and communities, we can meet today's challenges and take advantage of opportunities to build a better future.

Partnerships based on mutual trust and respect are needed for strengthened Aboriginal governance, a new fiscal relationship and, ultimately, strong communities, people and economies. For the greatest success in the renewal of partnerships, historic treaties, which began in the early 1700s, must be honoured and historic grievances settled, while quality-of-life issues are addressed.

First Nations women have raised concerns about the need to protect their rights. The department is committed to act to resolve gender equality issues, and protect the rights of First Nations women. INAC will address issues of specific concern to First Nations women, such as the division of on-reserve matrimonial real property, and continue to implement its Gender Equality Analysis Policy by assessing the impact of proposed and existing policies, programs and legislation.

An improved relationship with First Nations and Inuit communities, together with the active engagement of other partners, also create a more favourable climate for investment in economic development, which reduces disparities in socio-economic conditions. A relationship based on mutual trust and respect leads to the non-litigious resolution of long-standing grievances, successful negotiation of agreements, settlement of specific claims and the transition to self-government. Settlements also provide a more stable environment for investment and economic development.

Renewed partnerships with First Nations, Inuit and northern communities, in cooperation with other federal departments, provincial and territorial governments, and the private sector, are essential to building a better future and quality of life for all Canadians.

What are the benefits and results for Canadians?

Supporting Healthy Communities

- ▶ Reconciliation and community healing

Improving Operations

- ▶ Increased public awareness of Aboriginal issues
- ▶ Stronger working relationships with Aboriginal people and organizations
- ▶ New approaches to federal, provincial and territorial relations with First Nations and Inuit communities

What challenges and opportunities do we face and what are the risks associated with delivering — or not delivering — on this priority?

Collaborative Circle

Efforts to renew partnerships occur within a complex environment. First Nations and Inuit communities are not only culturally diverse, they range from numerous small, isolated communities to a number of large, economically integrated communities. Economic and social marginalization, as well as geographic isolation, characterize many communities. In addition, relationships between Canada and First Nations and Inuit are strongly affected by a legacy of mistrust, stemming from a history of dispossession, control and dependency. Grievances range from *Indian Act* administration to more recent measures to protect the rights of First Nations women. Additional challenges lie in reconciling divergent views on the meaning and implementation of treaties, particularly in the contemporary context.

Difficulties in resolving grievances are also complicated by differences in the approaches taken by provincial and territorial governments. However, there is growing recognition that all levels of government must cooperate to address challenges and produce concrete results. All stakeholders must be actively engaged and have a solid understanding of both the cultural context and the nature of the real challenges facing First Nations and Inuit communities.

Lack of public awareness also affects efforts to renew partnerships with First Nations and Inuit communities. On the one hand, the public appears to want all First Nations and Inuit to enjoy the same economic and social opportunities as other Canadians. On the other hand, lack of public understanding and support for historic and modern treaties and land claims can undermine these processes and impede both the resolution of these matters and renewed partnerships. A key challenge is, therefore, to improve public awareness of issues.

Broaching issues through exploratory treaty tables and reconciliation of historic grievances through the specific claims process are essential to renewed partnerships. Failure to settle outstanding claims undermines mutual trust and respect and results in mounting liabilities and costly litigation.

Grievances continue to be frequently expressed through court actions. Over the last decade, the number of general litigation cases has increased more than 12 times, from 99 cases in 1986–87 to over 1,200 cases as of June 30, 2003. Issues addressed through general litigation are wide-ranging and include the following:

- treaty rights and obligations;
- the nature and extent of Aboriginal rights and entitlements;
- the nature of the fiduciary relationship between the federal government and First Nations and the specific obligations arising out of that relationship;
- protection of the rights of First Nations women; and
- day-to-day operations governed by the *Indian Act*.

The department evaluates the respective merits of securing a judgment on a court action against it, or attempting to settle it by way of negotiation. Settlement is pursued where such a resolution could benefit Canada and the First Nation that has brought the action. For example, settlement can improve Canada's relations with

First Nations and reduce costs to Canada (the earlier a settlement is achieved). At the same time, there remain cases where negotiations prove infeasible, or where the issues in litigation demand the broader clarity and finality that, often only the judiciary can provide.

As a result of alternative dispute resolution mechanisms adopted by INAC, the department realized 13 out-of-court settlements during 2002–03. Negotiation, mediation and facilitation related to other cases continued, some of which have succeeded in reaching out-of-court settlements early in 2003–04. A number of court actions remained in abeyance while the issues they raised were discussed through the specific claims process.

Operational Circle

Increased litigation places additional demands on the department and deflects resources away from making progress on other fronts. The operational cost of managing litigation has more than tripled since 1996–97, reaching about \$36.4 million in 2002–03.⁵

INAC's litigation management at the case, portfolio and inventory levels has allowed it to assess risk comprehensively and earlier in the litigation cycle. During 2002–03, the Department of Justice completed nine formal legal risk assessments on INAC's behalf to assess the potential for out-of-court settlements and began six others. By requiring the analysis of options for resolving disputes and ongoing reassessment, INAC's litigation management framework has strengthened the department's ability to resolve grievances using the most strategic, efficient, fair and balanced solutions.

Recent and ongoing parallel initiatives, such as the Nisga'a Treaty, modification of the certainty policy and treaty-related measures can influence First Nations' decision to negotiate rather than litigate. Through its portfolio approach to litigation management, INAC has begun to develop prevention strategies, for instance, by recommending changes to legislation that could prevent future litigation.

Reconciling past grievances through specific claims negotiations and settlements is crucial to renewed partnerships and contributes to economic opportunities. Because the number of specific claims has been increasing in recent years, the proposed *Specific Claims Resolution Act* aims to speed up their resolution. It introduces a new and important role of independence in the validation of claims and determination of settlements.

Some existing statutory authorities are not well-suited for building and sustaining effective partnerships. This is particularly true for matters that fall under the *Indian Act*, which does not provide the kind of governance structures and other basic tools First Nations need to operate efficiently or take advantage of economic development opportunities. In addition to concerns about whether the *Indian Act* meets Charter tests, other legislation (e.g., the *Indian Oil and Gas Act*) also requires modernization.

Broadly speaking, the policies, guidelines and legislation developed in the past, without the participation of First Nations and Inuit, act as an impediment to renewed partnerships.

⁵ This amount includes personnel costs, accommodation and other operating costs, Department of Justice costs, and test-case funding.

What did we accomplish in 2002–03?

Reconciliation and Community Healing

Specific Claims

Canada's Specific Claims program is an established dispute resolution process that provides an alternative to court challenges to address grievances related to the administration of land or other Indian assets, the fulfilment of treaties and other obligations. Benefits to First Nations and organizations include resolution of historical grievances in a manner that strengthens partnerships, aids community healing, builds capacity and provides First Nations with needed lands and resources. Further information on the program can be found at http://www.ainc-inac.gc.ca/ps/clm/scb_e.html.

In 2002–03, INAC's Specific Claims Branch (SCB) received 69 new claims; managed more than 500 claims in the inventory; participated in 20 ongoing Indian Specific Claims Commission enquiries; and achieved key milestones in 13 special claims. Eighteen specific claims were settled in 2002–03, totalling more than \$195 million. Four additional settlements were initialled pending ratification.

Management of the Specific Claims Process

The SCB finalized and/or initiated the development of policies, guidelines and training tools to support validation and negotiation of specific claims, including guidelines on ratification and on additions to reserve.

This year was also marked by continuous improvement of internal processes to manage and settle specific and special claims as follows: fostered efficiency by undertaking more joint research projects with First Nations; developed consistent approaches in dealing with provincial governments with regard to pre-Confederation claims; reviewed and assessed all negotiation tables; reviewed negotiation funding authorities; laid the groundwork for an evaluation of the program to be undertaken in 2003–04; and completed entry of all claims in the specific claims database (reports are accessible at http://www.ainc-inac.gc.ca/ps/clm/scbul_e.html). This database is a tool for tracking and managing the flow of claims through the process. With an inventory of more than 500 new claims and receipt of approximately 60 more claims annually, it is necessary to have an electronic database to track and monitor the progress of the claims. Entering all claims in the database and ensuring the integrity of the data was a preliminary step to efficient tracking and monitoring of the claims in the system.

Expected Results 2002–03

Reconciliation and Community Healing

Operational

- ▶ Effective management of the litigation inventory through: the comprehensive assessment of risk; resolution of grievances via the most strategic, efficient, fair and balanced solutions; development of policy alternatives to litigation; and implementation of prevention strategies.

Collaborative

- ▶ Adoption of alternative dispute resolution mechanisms, where advisable, demonstrated by attempts at out-of-court settlements.
- ▶ Implementation of prevention strategies, demonstrated by policy or operational changes and/or filling of policy gaps that address issues underlying litigation.

Source: 2002–03 Report on Plans and Priorities

Specific Claims Resolution Act

In October 2002, the Minister reinstated the proposed *Specific Claims Resolution Act* (Bill C-6) in the House of Commons. This legislative initiative was initially introduced in June 2002 and died on the Order Paper when Parliament was prorogued in September. The proposed Act seeks to create the new Canadian Centre for the Independent Resolution of First Nations Specific Claims to facilitate the settlement of specific claims across the country. The proposed centre would improve the ability of First Nations and Canada to resolve specific claims by supporting alternative dispute resolution techniques and creating a process that allows for independent decision making through a Tribunal. Once approved, the centre would replace the current Indian Specific Claims Commission, which was set up in 1991 as an interim measure.

Bill C-6 completed third reading in the House of Commons on March 18, 2003, and was introduced into the Senate on March 19, 2003. It could receive Royal Assent in 2003.

Prevention Strategies

INAC and the federal Department of Justice have initiated work directed at examining links between government policy choices and growth of litigation. INAC is currently developing a policy framework that will provide First Nations with the option to manage their oil and gas and/or their Indian moneys, which would reduce the prospect of future litigation alleging mismanagement by INAC. An efficient and effective regulatory regime for petroleum resources and commercial and industrial activity on reserve lands will enable First Nations to participate in economic development opportunities, contribute to self-sufficiency and improve the quality of life of First Nations communities.

Increased Public Awareness of Aboriginal Issues

Communicating with First Nations Individuals Living On Reserve

Public Opinion Surveys

INAC's Communications Branch deepened its knowledge of the communications preferences and priorities of First Nations people through two opinion surveys conducted on reserve, with the results released in 2002–03, at http://www.ainc-inac.gc.ca/pr/pub/fns/pdfindex_e.html. With these findings, we are able to design communication programs that are more responsive and reflective of First Nations preferences and priorities.

Expected Results 2002–03

Increased Public Awareness of Aboriginal Issues

Operational

- ▶ Develop effective channels for communicating with First Nations individuals on reserve.
- ▶ Develop and promote communications products that focus on basic Aboriginal issues and culture, targeted to younger audiences.

Collaborative

- ▶ Pursue partnerships to support public awareness programs.
- ▶ Ensure Aboriginal issues are included in national preparations for international conferences, and provide support for national and international Aboriginal events held in Canada.

Source: 2002–03 Report on Plans and Priorities

Update: *Direct to First Nations Homes*
At the end of 2001, INAC, on behalf of the Government of Canada, launched a quarterly newsletter as a new way of communicating with individuals on reserve: *Update, News of Interest to Aboriginal People from the*

Government of Canada contains news briefs on programs and services of interest to First Nations and Inuit people. *Update* now goes directly to 294,000 homes on reserve and in the North. Three more newsletters were published in 2002–03 and received positive feedback; publication is planned to continue for 2003–04.

Services for First Nations People: User-friendly Information Service Delivery

INAC's Communications Branch co-led with Communication Canada the preparation of *Services for First Nations People — A Government of Canada Guide*. An exceptional example of horizontal coordination, this guide to federal services for First Nations people brought together 23 federal departments and agencies and all sectors of INAC. The guide lists over 75 programs and services — 19 of them provided by INAC — in a user-friendly, plain-language format. *Services for First Nations People* is intended to direct First Nations people to access points they can call, e-mail or visit for more information.

Public Enquiries Contact Centre

To handle calls generated by the distribution of *Services for First Nations People* and to provide another channel for direct communication with Aboriginal people and Northerners, INAC launched a central Public Enquiries Contact Centre, (1-866-553-0554) and with a toll-free telephone number (1 800 567-9604).

E-guide and the Centre for Excellence in Communicating with Aboriginal Audiences

Communications Branch launched *e-guide*, a Web site for Government of Canada communicators, (<http://www.ainc-inac.gc.ca/egd>) which shares information on best practices in communicating with Aboriginal audiences. The launch took place during Communication Canada's National Communicators Conference on April 22–24, 2002. A one-day conference is planned for early 2003–04 to bring together federal and Aboriginal communicators to discuss best practices and expand partnerships.

Public Education Activities

Public education activities are designed to increase awareness of Aboriginal issues, as well as to foster a positive public environment, understanding and mutual respect for Aboriginal and non-Aboriginal people.

Examples of activities, listed below, include materials distributed through a number of channels targeted to educators, including schools and teachers' conferences, as well as through the Kids' Stop Web site at http://www.ainc-inac.gc.ca/ks/index_e.html. They are promoted by advertisements in magazines and journals, and at exhibits, fairs and conferences. Products are also made available to the public during National Aboriginal Day celebrations.

Learning Circles I, II, III and IV

The department continues to promote and distribute learning resources to educators and schools across the country. Targeted to various age groups, the Learning Circle series provides an innovative and entertaining method of delivering information on Aboriginal culture and history to a non-Aboriginal audience. This year, the department developed Learning Circle IV, aimed at a high-school level. This resource guide is intended to help students understand topical issues faced by Aboriginal youth by providing a glimpse into five different Aboriginal communities (based on 15 actual interviews).

Kids' Stop

In addition to INAC's Web site, which helps raise awareness of Aboriginal issues, the department also created a Web site targeted to youth and educators. *Kids' Stop* is an interactive Web site where youth can learn about Aboriginal history and culture, and teachers can find products and ideas they can use in the classroom. Products can be ordered from INAC or down-loaded directly. The site, which is accessed through INAC's Web site at <http://www.ainc-inac.gc.ca>, averages more than 15,000 visitors per month and continues to grow in popularity.

Word Wiz

INAC created *Word Wiz*, a multi-level, interactive, on-line trivia game, to help raise awareness of Aboriginal culture and history as part of its outreach program to non-Aboriginal youth and educators. INAC developed this special Web-based game to widen the audience and increase repeat visits to *Kids' Stop*.

National Aboriginal Day — June 21

The department continues to take a leadership role in the promotion of National Aboriginal Day. Working with other government departments, as well as Aboriginal organizations, INAC supports employees and volunteers delivering activities across the country. In addition to a promotional campaign that includes print, radio and theatre advertising, the department also distributes many products aimed at youth and families at these celebrations.

Inuit Tapiriit Kanatami

INAC funding assisted this Inuit organization to develop a northern map, which will be distributed along with *Through Mala's Eyes — Life in an Inuit Community*, an educational Inuit resource developed by INAC for educators and youth.

Historic Treaties and the Treaty Relationship

In the past year, the department created a series of tools to increase public awareness of the historic treaties of Canada. These tools include updated versions of historic treaty research reports, an annotated bibliography, an image bank and a series of maps depicting the evolution of historic treaties. In accordance with departmental priorities, this initiative focused on building an understanding among all Canadians of our shared heritage in the treaty relationship.

Related activities included: the Learning and Development Directorate's Treaty Annuity Payment Experience (TAPE) and INAC's Lunch and Learn series; the Self-Government Branch's orientation program; National Aboriginal Day youth initiatives; and various treaty information sessions when requested. The Treaty Policy Directorate also partnered with Parks Canada, Citizenship and Immigration, and Industry Canada to promote an understanding of the treaty relationship.

The department continued to support public education by the Office of the Treaty Commissioner in Saskatchewan. In 2002, an INAC employee was seconded to this agency for a three-month term to assist in the area of public education. This arrangement also benefited future public education development at headquarters on both regional and national levels.

International Participation

INAC participated in a number of interdepartmental committees in preparation for: the United Nations (UN) Permanent Forum on Indigenous issues (May 2002); the UN Summit on Ageing (May 2002); the G-8 Summit (June 2002); the Summit of Indigenous Women of the Americas (SIWA) (December 2002); Connecting Aboriginal Canadians (CAC) (March 2003); the World Indigenous Peoples Conference on Education (WIPCE) (August 2002); and the Special Session of the UN General Assembly on Children (May 2002).

INAC also provided funding for: the participation of several Aboriginal representatives at two sessions of the World Intellectual Property Organization Intergovernmental Committee (WIPOIC) on Protections for the Intellectual Property Aspects of Traditional Knowledge, Genetic Resources and Folklore (July and December 2002); 19 Aboriginal participants at the 6th Conference of the Parties to the Convention on Biological Diversity (CBD) (April 2002); and 42 Aboriginal participants at the World Summit on Sustainable Development (WSSD) (August 2002), which included the preparation and presentation of 21 case studies on best practices in implementing Chapter 26 of *Agenda 21*, a blueprint for action on global sustainable development.

Stronger Working Relationships with Aboriginal People and Organizations

First Nations Women

In 2002–03, INAC approved the First Nation Women's Framework for Action to integrate the perspective of First Nations women into INAC's priorities. As a result of the Framework for Action and the Gender Equality Analysis Policy, sectors and regions have made special efforts to ensure First Nations women are included in consultations and policy development.

Modernization of the *Indian Oil and Gas Act*

An initiative to modernize the *Indian Oil and Gas Act* and to provide a regulatory capacity for major commercial and industrial activity on reserve commenced in 2002–03. The initiative involves the participation of a committee comprising members from oil and gas First Nations. Extensive discussions have been held with First Nations, industry and the provinces.

Expected Results 2002–03

Stronger Working Relationships with Aboriginal People and Organizations

Operational

- ◆ Increased participation of First Nations women in consultation and policy development.
- ◆ Modernization of the *Indian Oil and Gas Act* and Regulations.

Collaborative

- ◆ Enhanced treaty relationship through continuing exploratory treaty discussions in the West and implementation of the post-*Marshall* strategy in the Maritimes, which may include the establishment of a Treaty Commission; and implementation of the extended mandate of the Office of the Treaty Commission in Saskatchewan from January 1, 2002, to March 31, 2005.
- ◆ Aboriginal people to take up opportunities to bring their perspectives and experience to international processes.
- ◆ Develop a framework for First Nations to manage their trust moneys (capital, revenue and individual). These moneys are currently held in the Consolidated Revenue Fund, administered under the provisions of the *Indian Act*.
- ◆ Identify fora for discussions on implementation of sustainable development strategies by INAC, other federal departments, and First Nations, Inuit and Northerners (as per SDS 2001–2003).

Source: 2002–03 Report on Plans and Priorities

An efficient and effective regulatory regime for petroleum resources and commercial and industrial activity on reserve lands will enable First Nations to participate in economic development opportunities, contribute to self-sufficiency and improve the quality of life of First Nations communities.

First Nations Moneys Management

This policy initiative to provide statutory authority for First Nations to assume control over petroleum resource management and/or the management of Indian moneys in the Consolidated Revenue Fund (CRF) commenced in the 2002–03 fiscal year. The initiative is being guided by a Framework Proposal developed in consultation with four pilot First Nations (see further details under Strengthened Aboriginal Governance — Governance Capacity-building Initiatives).

New Approaches to Federal, Provincial and Territorial Relations with First Nations and Inuit Communities

Partnership Approaches

The department co-hosted a national business summit on February 19 and 20, 2003, in partnership with other federal departments, provinces, territories, national Aboriginal organizations and the private sector, to facilitate business partnerships that would help Aboriginal communities become economically stronger and more self-reliant.

Expected Results 2002–03

New Approaches to Federal, Provincial and Territorial Relations with First Nations and Inuit Communities

Collaborative

- ▶ Implementation of partnership approaches to address common priorities with provinces, territories and First Nations and Inuit communities in all regions through partnered actions.
- ▶ Federal, provincial and territorial Aboriginal Affairs ministers and national Aboriginal leaders to meet annually, or more frequently. The focus for this year is strengthening Aboriginal participation in the economy, with a particular focus on women and youth.

Source: 2002–03 Report on Plans and Priorities

In addition, INAC coordinated a meeting of federal, provincial and territorial ministers responsible for Aboriginal Affairs and national Aboriginal leaders. During the meeting, ministers and leaders discussed more concrete ways to strengthen Aboriginal participation in the economy. More specifically, ministers and leaders reviewed and approved two practical tools to facilitate the participation of Aboriginal women and youth in the economy, namely an Aboriginal Women's Business Planning Guide designed to provide the basics of establishing a business; and a comprehensive resource guide, listing employment and entrepreneurship programs available to Aboriginal women across the country.

Areas for Improvement and Lessons Learned

Information for First Nations people

Public opinion research reaffirmed that First Nations people on reserve want more information from the Government of Canada. Work continues on developing new ways to deliver relevant information to First Nations people.

Enhanced Treaty Relationship

INAC has engaged all Aboriginal and provincial partners at various stages of processes to address outstanding Aboriginal and treaty rights with respect to the post-*Marshall* strategy in the Maritimes. The department is also addressing immediate socio-economic pressures affecting the quality of life of First Nations communities by capacity building, increasing access to economic development opportunities, increasing reserve land bases, and providing opportunities for cooperative management with respect to National Parks and migratory birds. INAC will be conducting an evaluation of the program based on the Results-based Management and Accountability Framework approved by Treasury Board in March 2003. The evaluation will give the department a better idea of how well it is meeting goals under the post-*Marshall* strategy. After consulting with Aboriginal groups and provincial governments, INAC has decided not to pursue the establishment of a Treaty Commission(s) on the East Coast at this time, but will remain open to revisiting the issue in the future.

In addition, exploratory treaty discussions continued with the Confederacy of Treaty 6 First Nations of Alberta, Treaty 8 First Nations of Alberta and the Federation of Saskatchewan Indian Nations. In Ontario, the department and First Nations of the Nishnawbe-Aski Nation, comprising First Nations from Treaties 5 and 9, have completed arrangements for establishment of a new exploratory treaty table. The table should have its initial meeting in the fall of 2003.

As part of its extended mandate, the Office of the Treaty Commissioner completed three context papers (on annuities, shelter and health) and forwarded them to the Minister. This agency also released the *Teaching Treaties in the Classroom* resource package for grade 7–12 students.

Strategic Outcome — Northern Affairs

To provide Canadians with management of the federal Northern Agenda resulting in: strengthened territorial governance systems that are sensitive to Aboriginal rights and interests and the needs of all Northerners in general; exercising environmental stewardship; and promoting sustainable development in the North.

How much did it cost?

Planned Spending	\$195,329,900
<i>Total Authorities</i>	<i>\$242,404,497</i>
2002–03 Actuals	\$240,368,834

Explanation of Variance

The variance of approximately \$47 million between planned spending and total authorities is primarily attributable to incremental funding to address core operational and capital requirements (\$22 million), contributions for promoting safe development, use, conservation and protection of the North's natural resources (\$13 million), and to support the Northern Air Stage Parcel Service (\$12 million).

The variance of approximately \$2 million between total authorities and actual spending is primarily attributable to the carry forward to future years of funding for operating resources.

Results Logic for Each Strategic Outcome

To provide a context for performance, focus on outcomes and link resources to outcomes, a results-logic "map" has been outlined for each strategic outcome in INAC and the Canadian Polar Commission (CPC).

These results-logic maps build on the circles of influence described previously and allow the reader to visibly link together INAC's use of resources to perform activities and produce outputs at the operational level, and to influence outcomes at the collaborative level with partners and client communities, such as First Nations, Inuit and Northerners. These collaborative outcomes can then be associated with the strategic outcomes and priorities that make up the *raison d'être* of the department.

All accomplishments reported in Section III can be traced to at least one summary statement in the appropriate results-logic map. Eventually these charts will serve as accomplishment report outlines, and will link achievements to the results-logic map. By consulting each map, a reader will then more easily see how specific accomplishments contribute to broader strategic outcomes.

Results Logic

Global Circle

STRATEGIC (GLOBAL) OUTCOMES

Canada,
the North and
the world

Territorial governance systems that are sensitive to Aboriginal rights and interests and the needs of all Northerners in general; environmental stewardship; sustainable development in the North as demonstrated by accomplishments in the following priority areas:

- ▶ Governance
- ▶ A healthy human and natural environment
- ▶ Sustainable use of northern natural resources
- ▶ Circumpolar cooperation

Collaborative Circle

COLLABORATIVE OUTCOMES WITH NORTHERN TERRITORIES AND COMMUNITIES

[See *What did we accomplish in 2002–03?* for specific targets and results]

Northerners,
governments,
private sector
and other
stakeholders

Adoption by Northerners of specific actions that contribute to strategic outcomes
 Northerners increasingly manage their own affairs (e.g., through devolution)
 Improvements in the legal, regulatory and governance support climate in the North
 Collaborative development of approaches, frameworks and plans with INAC and other partners (including other governments with an interest in the North)
 Constructive participation and engagement in meetings, decision circles, negotiations and other forums for information exchange, decision making and agreements

COLLABORATIVE OUTCOMES WITH GOVERNMENTS, PRIVATE SECTOR AND OTHER STAKEHOLDERS

[See *What did we accomplish in 2002–03?* for specific targets and results]

Non-Canadian northern government and non-government partners and intermediaries act to support strategic outcomes
 Private sector financial and services support (access to services and capital — e.g., development initiatives)
 Federal, territorial and Aboriginal laws and regulations are harmonized and mutually supportive
 Federal government departments appropriately support strategic outcomes (above) in terms of policies, programming and funding

Operational Circle

ACTIVITIES

[See *What did we accomplish in 2002–03?* for specific targets and results]

INAC

- ▶ Liaison and negotiation with partners and northern communities
- ▶ Policy and strategy development
- ▶ Program delivery
- ▶ Resource and environmental management

OUTPUTS

- ▶ Meetings, forums for information exchange and agreement proposals
- ▶ Policy outputs
- ▶ Program outputs
- ▶ Legislation, regulations, enforcement, information, and rights to access and use resources

RESOURCES

\$240 million in 2002–03 and 685 full-time equivalents

Priority

Effective Management of Federal Interests in the North (\$240 million in 2002–03)

How does performance related to this priority contribute to the department's strategic outcomes?

INAC is committed to improving the quality of life of Northerners and to working in partnership with territorial governments, Aboriginal peoples and other Northerners to support the evolution of strong northern governments, economies and communities, where Northerners manage their own affairs, the environment is safeguarded and development proceeds in a sustainable manner.

With the Northern Affairs Program (NAP) in the lead, INAC is having a direct impact on jobs and growth throughout the North. Activities include efforts to settle northern land claims, create an efficient and stable regulatory regime, and work with Northerners, territorial governments and the private sector to generate economic development. All of this is being carried out within the principles and practices of sustainable development, without compromising the well-being of future generations.

The devolution of responsibilities for land and resource management is resulting in stronger, more self-reliant territories. Northern Aboriginal people have become full partners in resource management boards and agencies. More generally, strengthened intergovernmental relationships are permitting better understanding of different interests and points of view among Northerners, building consensus for joint initiatives and presenting a common Northern perspective on national issues. Stronger partnerships among northern communities are also emerging.

INAC's collaboration with Environment Canada and the Department of Foreign Affairs and International Trade has ensured that Canada promotes strong international Arctic relationships, is a leader in the Arctic Council and meets its bilateral obligations (including obligations under the Canada-Russia Agreement on Cooperation in the Arctic and the North). Through Arctic Council working groups, INAC and other departments have promoted Arctic issues in various international forums and, with the support of Canada's circumpolar neighbours, have been instrumental in obtaining key international agreements and protocols to protect the Arctic environment (e.g., hazardous waste remediation through Arctic shoreline clean-up assessment technology with the United States, and the Russian National Program of Action, sponsored by Global Environment Facility, Russia and other donor countries).

As Northerners increase their participation in circumpolar affairs, they will have more direct say in transboundary issues of interest to Canada, and be able to develop and exchange best practices on sustainable development with residents of other Arctic states.

What are the benefits and results for Canadians?

Strengthening Governance

- ▶ Strengthening northern governance
- ▶ Fostering circumpolar cooperation

Supporting Healthy Communities

- ▶ A healthy human and natural environment

Reducing the Socio-economic Gap

- ▶ Sustainable use of northern natural resources

What challenges and opportunities do we face and what are the risks associated with delivering — or not delivering — on this priority?

Collaborative Circle

World prices for natural resources are having a major impact on exploration and development in the North. International pressures for new sources of oil and natural gas have resulted in a major commitment to exploration investment in the North. In particular, the demand for new supplies of natural gas, and proposals to build major pipelines to transport gas to markets, are expected to bring long-term economic benefits to the North and Canada. Such large projects, which cross many jurisdictions and involve many regulatory agencies, will require a focused, coordinated effort. Offshore exploration has also recommenced in Canada's Arctic: this is spurring a re-examination of the offshore regulatory framework in the context of integrated offshore management.

Northern energy development will provide sustained growth in northern economies, creating training opportunities, employment and new business, not only in the oil and gas industry, but in related industries like construction and transportation, as well as small business spin-offs. Northerners, both Aboriginal and non-Aboriginal, are receptive to development, provided they participate in decision making, share in the benefits and are confident that activities are carried out in a sustainable manner.

Investments are also being made in mineral exploration and development, particularly in the Northwest Territories and Nunavut. Canada's first diamond mine has been operating for four years. A second diamond mine commenced production early in 2003. Two other diamond projects and two gold mines are seeking regulatory approvals. Conversely, persistently low base- and precious-metal prices since 1997 have resulted in a significant downturn in most other mining activities across the North. However, recent increases in the price of gold are driving a renewed interest in exploration of precious metals. Because of the combination of low metal prices and depleted ore reserves, several mines have ceased operations, exploration activity has slowed and new mines are on hold, waiting for stronger prices and market conditions.

The failure of several large mining operations has resulted in a loss of jobs and heightened public interest in the ongoing management and reclamation of abandoned mines in the North, and has increased the department's involvement in managing mine insolvencies. Failure to meet targets or to implement initiatives on abandoned

mines, contaminated sites and environmental monitoring will increase risks to the environment and human health. For the future, our reclamation policy will work to mitigate or prevent these risks.

World prices and demand are not the only determinants of economic development in the North. The following factors also influence the investment climate:

- high operating costs;
- status of land claims (including provisions in claims agreements and interim agreements);
- choices that northern governments and people make with respect to policies, programs and specific projects;
- efficiency, transparency and fairness of regulatory frameworks; and
- assumption of new decision-making powers over land and resource management by institutions of public government, boards and northern governments.

Industry has expressed concern that uncertainty, instability and inefficiencies constrain investment and limit business opportunities.

Geographic and demographic conditions pose unique challenges to the delivery of programs and services as well as to sustainable economic growth — remoteness of communities, a severe climate and a sensitive environment, together with gaps in infrastructure (e.g., telecommunications, roads, ports), science and technology, and skills and capacities among governments, communities and individuals. Climate change is expected to have a significant impact on the Arctic region in years to come. Effective management of a changing northern environment requires both domestic and international efforts.

Strengthening northern governance will help prepare the North to face challenges and opportunities from increased exploration and development of natural resources, support a competitive investment climate and follow the principles of sustainable development. However, policy, legislative and regulatory gaps need to be closed; other federal departments and northern partners also have roles to play. Accelerating development while protecting the northern environment will require innovative regulatory and non-regulatory tools to realize the vision of sustainable development.

Operational Circle

Sufficient resources are required to encourage sustainable economic development, to ensure appropriate delivery of programs and services, to protect human health and safety, and to meet environmental concerns stemming from abandoned mines and contaminated sites. With appropriate resource levels, the department will be able to continue to manage the Northern Contaminants Program, deal with issues of food security, support Canada's engagement in circumpolar initiatives resulting from the Northern Dimension of Canada's Foreign Policy, and participate in international environmental and health conventions, such as the *Stockholm Convention on Persistent Organic Pollutants*.

Climate change and other issues require pan-northern solutions and cooperation among nations, as well as stronger working relationships among other federal departments and northern partners. Failure to address transboundary concerns through circumpolar organizations will result in increased environmental degradation in Canada. In addition, failure to learn from best practices in sustainable development of other northern jurisdictions increases the human and financial costs of learning these lessons through experience.

INAC can help improve the investment climate by reducing policy gaps and seeking to have outdated legislation replaced. Policies on mine site reclamation have been introduced in the Northwest Territories and Nunavut. The development of a guide on impact and benefit agreements, along with options for a new mining regime for Nunavut, are priorities. INAC will also implement the legislation for Nunavut waters and surface rights and, now that Parliament has approved the *Yukon Environmental and Socio-economic Assessment Act* (May 2003), proceed to meet the unfulfilled obligation to implement a Yukon development assessment process, along with partners.

Northerners are looking to the Government of Canada to take a strong leadership role in northern development and in the protection of the health and well-being of Northerners and their environment. In response, INAC is working in cooperation with other federal departments, Aboriginal people and territorial governments to develop northern resource management boards and to put in place consultative processes to enable northern communities and stakeholders to participate actively in the North's sustainable development. INAC continues to play an overall role in northern economies by: coordinating pipeline preparedness across the federal system; implementing the Infrastructure Canada Program; delivering knowledge and innovation funds for the territories; and undertaking other activities that provide a foundation for economic development and promote sustainable development. Failing to fulfil this diverse role could represent a missed opportunity to develop thriving economies in the North.

What did we accomplish in 2002–03?

Strengthening Northern Governance

Partnerships

Together with Nunavut partners, the Government of Nunavut and Nunavut Tunngavik Inc. (NTI), INAC participated in an ongoing forum at the senior officials' level to establish and support joint action on mutual priorities.

The INAC Nunavut Regional Office (NRO) was an active participant at the Nunavut Federal Council (NFC) in 2002–03. INAC collaborated with all federal departments in developing an umbrella plan to increase Inuit employment within the

Expected Results 2002–03

Strengthening Northern Governance

Operational

- ▶ Strengthen federal partnerships and manage horizontal issues in the NWT and Nunavut through the work of federal councils.
- ▶ Develop a management framework to support the implementation of the proposed legislation for Nunavut waters and surface rights, to ensure a federal participatory/overview role in water licensing to coordinate the review of water licensing proposals. Federal agencies' support will help create sound, enforceable decision making and public confidence in these new institutions of public government, including a water board.
- ▶ Initiate process of negotiation for the transfer of land and resource management responsibilities to NWT government.

Collaborative

- ▶ Work in partnership with the Government of Yukon to complete the transfer of land and resource management responsibilities, including the transfer of staff, by March 31, 2003, giving Yukoners greater control over their affairs.
- ▶ Complete a computer-based petroleum royalty calculation and reporting system, to facilitate the electronic calculation and submission of Crown royalty returns, a share of which is distributed to Aboriginal claimants.
- ▶ Northern mining Ministers to meet.

Source: 2002–03 Report on Plans and Priorities

federal government in accordance with Article 23 of the Nunavut Land Claim Agreement (NLCA). The NRO co-chaired the Article 23 working group, as well as the Article 24 working group on Inuit procurement. In addition, the NRO led two initiatives on the Training and Development working group: the development of an NLCA training workshop for all federal employees and the opening of the Government of Canada Learning Centre.

INAC has also played an important role in raising awareness about potential major resource development projects in Nunavut. The department organized a Major Projects workshop for the NFC and provided regular updates on the status of various development projects to council members. As well, in early May 2002, INAC worked with the Government of Nunavut and NTI to organize a session in Ottawa on Nunavut economic development issues for senior federal officials from key departments such as Industry Canada and Natural Resources Canada.

In the Northwest Territories, under the Intergovernmental Forum initiative, representatives of federal, territorial and Aboriginal organizations formed a capacity-building management committee early in the year to jointly sponsor, organize, manage and implement capacity-building initiatives. The first year of a two-year capacity-building pilot project was completed, including documentation of the status of regional/tribal and community financial and human resources systems.



In addition, members of the Northwest Territories' Economic Development Advisory Forum, comprising representatives of Aboriginal communities, federal and territorial governments, and the private sector, identified priorities and prepared joint recommendations on major economic development initiatives.

New institutions of public governance have been established under the new regulatory regime defined in the *Mackenzie Valley Resource Management Act* and the Inuvialuit Land Claim Agreement. In response to the need for new collaborative working relationships, INAC's

Northwest Territories Regional Office established a Board Relations Secretariat in the summer of 2002. The Secretariat, which operates under jointly developed terms of reference, has a mandate to support policy and administrative matters aimed at developing effective working relationships and improved communications with INAC's Board partners.

Nunavut Waters and Surface Rights

With the proclamation of the *Nunavut Waters and Surface Rights Tribunal Act* in April 2002, the department has been working with the Nunavut Water Board (NWB) to implement regulations for Nunavut. The department has been consulting with industry, the NWB and other levels of government on an updated water management regime as part of the management framework. An initial draft is expected to be produced in 2003–04.

Devolution

Formal negotiations with the Government of the Northwest Territories and the Aboriginal Summit for the transfer of land and resource management responsibilities in the Northwest Territories began in September 2002. The current devolution negotiations will set out the framework to transfer legislative powers, programs and responsibilities for land and resource management. Once a Framework Agreement is reached, the parties will require three to five years to complete a final agreement and implement the transfer. Enabling the territories to become more self-sufficient is central to the federal and territorial governments' visions for the North.

The devolution of land and resource management responsibilities in the Yukon is now in effect and as a result the Yukon Government has assumed the administration and control of public land and resources in the Yukon. The new *Yukon Act* received Royal Assent on March 27, 2002, and was proclaimed on April 1, 2003. The Yukon Northern Affairs Program Devolution Transfer Agreement also took effect on April 1, 2003, with parties working together to ensure a smooth transition of responsibility from Ottawa to Whitehorse.

As part of this process, INAC worked closely with the Yukon Government to ensure continuity for ongoing issues; for example, principles and elements of the Mine Reclamation Policy were incorporated into Yukon Production Licence Regulations and a joint post-devolution management team was established for abandoned mines in the Type II contaminated sites category.

Petroleum Royalty Returns

The NAP developed a data model and strategy that will be used for the electronic calculation and submission of Crown royalty submissions, royalty administration management, and forecasting and reporting in the North. (A share of Crown royalty returns is distributed to Aboriginal claimants in accordance with land claims agreements.) The model is module-based so that programming can be undertaken within INAC as resources become available.

In April 2002, the NAP co-organized a renewed Northern Mines Ministers Conference in Yellowknife, with territorial governments and INAC regional offices. The conference provided an opportunity for federal and territorial mines ministers and their senior officials to discuss issues related to the minerals sector throughout the North and to meet with senior industry leaders, Aboriginal representatives and non-governmental organizations.

Fostering Circumpolar Cooperation

Arctic Council

The department ensures that the concerns of Northerners are voiced internationally by supporting the work of the Arctic Council (see www.arctic-council.org/index.html). In 2002–03 INAC:

- ▶ coordinated Canadian participation and input into Arctic Council Ministerial and Senior Arctic Officials meeting in Finland in October 2002;

Expected Results 2002–03

Fostering Circumpolar Cooperation

Operational

- ▶ Support the work of the Arctic Council by:
 - working with Finland to organize a Conference on Gender Equality and Women in the Arctic in Finland in 2002;
 - working with Iceland to prepare a proposal to undertake an Arctic Human Development Report for acceptance at the 2002 Arctic Council Ministerial meeting in Finland; and
 - providing analysis and recommendations about mechanisms for the Arctic Council to leverage sources of international finance in support of key circumpolar projects.

- ▶ Take a lead role in the launch of an "Arctic voice" throughout the World Summit on Sustainable Development.

Collaborative

- ▶ Continue engagement of Russian stakeholders under the *Canada-Russia Agreement on Co-operation in the Arctic and the North* and within the framework of the Northern Dimension of Canada's Foreign Policy, to promote bilateral interests, North-to-North partnerships, business development and sustainable development.
- ▶ Through collaboration with international governments, non-governmental organizations and indigenous stakeholders, complete a strategy for capacity building as a cornerstone of the Arctic Council, its activities and projects, and have it adopted by the 2002 Arctic Council Ministerial meetings in Finland.

Source: 2002–03 Report on Plans and Priorities

- ▶ participated in the Conference on Gender Equality and Women in the Arctic;
- ▶ coordinated Canadian input into a strategy to implement the Arctic Human Development Report tabled at the Arctic Council Ministerial meeting;
- ▶ actively participated in the Arctic Council's "Future of Children and Youth of the Arctic" initiative, which seeks to improve the health and well-being of children and youth of the Arctic.

Sustainable Development in the Arctic

The department coordinated the Arctic Council's presence at the World Summit on Sustainable Development held in Johannesburg, South Africa, in September 2002, to add an Arctic dimension to global discussions on sustainable development (see www.johannesburgsummit.org/flat/).

Canada-Russia Cooperation

The department was instrumental in encouraging strong bilateral relations between Canada and Russia in the areas of northern development and Aboriginal issues through the Institution-building for Northern Russian Indigenous Peoples' Project 2 (INRIPP 2) (see Web site at

www.ainc-inac.gc.ca/ps/nap/circ/inripp_e.html) and the Initiative to Share Best Practices in Governance and Northern Development with the Siberia Federal District of the Russian Federation. The main thrusts of these initiatives are:

- ▶ *Sharing best practices with Russian partners*: promoting and preserving Aboriginal art and culture by coordinating an art centre capacity-building workshop in northern Russia; supporting a workshop on law and federalism in the Russian Federation and Canada; and supporting a local government training initiative led by the University of Northern British Columbia.

- ▶ *Facilitating northern linkages*: supporting the development of a Canadian business mission to the Russian North to establish business linkages in northern Russia.
- ▶ *Encouraging sustainable development in the circumpolar region*: leading an initiative to develop effective measurements of the socio-economic and environmental situation of Aboriginal peoples through reciprocal technical missions, expert round tables and workshops, and through conducting surveys in the Russian North to assess demographic changes and local labour market dynamics and how these variables affect the living standards of the population.

Capacity Building

Canada is leading the development of a discussion paper on capacity building on behalf of the Arctic Council. The paper will propose integrating a capacity-building dimension into all Arctic Council initiatives and activities to help ensure northern residents develop the capacity required to manage issues that affect their quality of life. The discussion paper is being prepared with the input of Canadian Arctic Council permanent participants: the Inuit Circumpolar Conference; the Gwich'in Council International; and the Arctic Athabaskan Council. In addition, the Conference on Gender Equality and Women in the Arctic, the ongoing strategy to implement the Arctic Human Development Report, and the ongoing "Future of Children and Youth of the Arctic" initiative all include important capacity-building elements. For additional information, please see <http://www.arctic-council.org/f2000-capacity.html>.

A Healthy Human and Natural Environment

Environment

The *Yukon Environmental and Socio-economic Assessment Act* was introduced in Parliament in October 2002 and received Royal Assent in May 2003. Implementation will occur throughout 2003–04, providing Yukoners with a long-awaited, integrated process for assessing the impacts of resource development.

Under the auspices of the Arctic Council, the second Arctic Monitoring and Assessment Report was published in October 2002 (<http://www.amap.no/>). It outlined the need for continued international action to understand and reduce the negative environmental and human health impacts of industrial activities on the world's Arctic regions.

In March 2003, INAC published the second Canadian Arctic Contaminants Assessment Report, summarizing the results of the last five years (Phase II) of the Northern Contaminants Program

Expected Results 2002–03

A Healthy Human and Natural Environment

Operational

- ▶ Finalize and introduce the Yukon Environmental and Socio-economic Assessment Bill.
- ▶ Publish second *Canadian Arctic Contaminants Assessment Report and the second Arctic Monitoring and Assessment Program Report* (with Norway).
- ▶ Implement the Contaminated Sites Management framework and new program initiatives to manage northern contaminated sites including submission of an Arsenic Trioxide Management Project Description to initiate regulatory review for Giant Mine.
- ▶ Implement the Canada Infrastructure Agreements, and provide knowledge and innovation funding in the three territories to advance the federal focus on green infrastructure projects, and to increase knowledge of the North, and development or adaptation of technologies and skills appropriate to the North.

Collaborative

- ▶ Evaluate and then seek renewal of the Northern Contaminants Program with Health Canada, Fisheries and Oceans Canada, and Environment Canada.

Source: 2002–03 Report on Plans and Priorities

(NCP). The key results of this report identify the highest-risk communities in the North as a result of exposure to contaminants, namely persistent organic pollutants (POPs) and mercury. These high-risk communities are Inuit communities where substantial quantities of marine foods are consumed. The NCP studies are beginning to detect neurological, behavioural, learning and immunological effects in Inuit children. The NCP further found that Northerners who do not consume substantial amounts of marine foods are not exposed to high levels of POPs or mercury.

An evaluation of the NCP in May 2002 recommended that, based on achievements and on concerns remaining to be addressed, the program be renewed for five years from 2003–04 to 2007–08. It also recommended that the NCP focus be on urgent health and safety considerations and serving the international agreements. It should be noted that the NCP was renewed in April 2003.

Contaminated Sites

The NAP Contaminated Sites Management Framework was approved and implementation is ongoing to ensure that contaminated sites under the custodianship of INAC are addressed in a manner that is consistent with federal and departmental policies. Treasury Board and Public Works and Government Services Canada continue to be two key partners in this endeavour.

In accordance with the framework, 18 Project Planning and Approval documents were updated regularly during the year and 63 contaminated sites were submitted for inclusion in the Treasury Board liability report. Of these, 35 sites were considered high priority (number 1) under the National Classification System. In Nunavut, a business plan and a three-year reclamation strategy were developed for the Resolution Island contaminated site. In the Northwest Territories, public consultations were initiated regarding management options for the Giant Mine. These consultations, an essential component in the development of final remediation options, will continue into 2003–04.

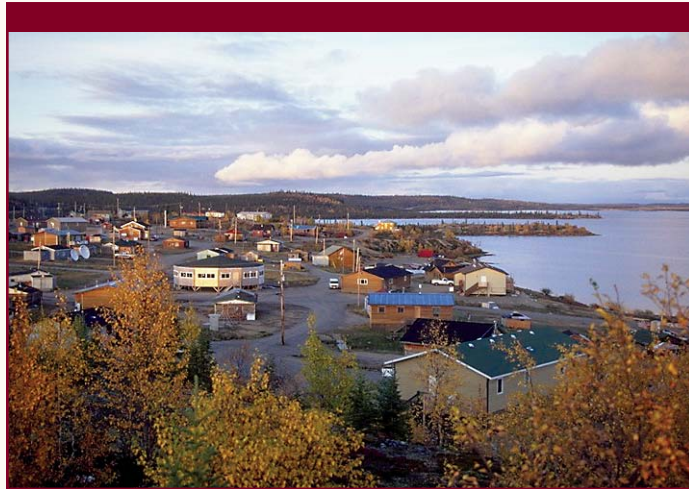
Finally, a Type II mines project office was established in the Yukon region to undertake ongoing federal responsibilities consistent with the Yukon Devolution Transfer Agreement.

On October 22, 2002, the Commissioner of the Environment and Sustainable Development tabled her annual report in Parliament. The report contained two chapters on federal contaminated sites. Chapter 2, *The Legacy of Federal Contaminated Sites* (<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20021002ce.html>), concluded that, overall, the Government of Canada had so far failed to address the issue of contaminated sites adequately. The recommendations made in the report were general. INAC's action plans for federal contaminated sites in the North and on reserves contain approaches to address the recommendations, including continued work to assess known contaminated sites and estimate liability. Chapter 3 of the report, *Abandoned Mines in the North* (<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/c20021003ce.html>), targeted INAC's activities in the North and expressed concerns related to the highly toxic chemicals, such as arsenic and cyanide, found in northern abandoned mine sites. INAC spent approximately \$35 million in 2002–03 on the management of northern contaminated sites, with the majority of funds directed at abandoned mines. With these investments, INAC was able to meet its obligations to protect the health and safety of humans and the

northern environment, while advancing its knowledge and understanding of the actions and investments that will be necessary to manage federal liabilities in Canada's three territories over the longer term. Both these activities directly respond to the Commissioner's recommendations. The recent announcement in the 2003 Federal Budget of funds to address the largest, most dangerous contaminated sites in Canada is expected to help INAC take further action on northern contaminated sites.

Canada Infrastructure Program (http://www.infrastructurecanada.gc.ca/icp/publication/new_release/newsreleases_e.shtml?menu61)

During 2002–03, the joint federal-territorial Nunavut management committee reviewed 20 projects and, in consultation with the Nunavut Association of Municipalities, recommended and received approval for four projects under the Canada-Nunavut Infrastructure Agreement. All four were "green" projects that focused on construction or renewal of water and wastewater systems, and resulted in improved potable water quality, improved reliability of water delivery systems or a higher standard of wastewater processed.



In the NWT, six municipal "green" infrastructure projects were approved under the Canada-NWT Infrastructure program. These will promote improved water quality and waste management in Inuvik, Norman Wells, Fort Simpson, Yellowknife, Fort Smith, and Hay River.

In the Yukon, construction continued on nine "green" projects related to water, sewer or solid waste management in Whitehorse, Dawson City, Haines Junction, Faro, Mayo, Carmacks, Carcross and Burwash Landing. All nine are expected to be completed in 2003–04.

Innovation and Knowledge Funding

In Nunavut, 12 projects that met both federal and territorial economic development objectives were funded during 2002–03. Of total funds disbursed (\$403,000), 35 percent was directed to projects aimed at improving knowledge in the fisheries sector, 31 percent to development of a Nunavut economic development strategy, 18 percent to enhancing broadband information-based technology systems and the remaining 16 percent to the development of fur- and mineral-based products for niche markets. Recipients included the Government of Nunavut and the Nunavut Broadband Development Corporation.

In the Northwest Territories, nine not-for-profit projects that promote sound economic development and aim to improve Northerners' quality of life were approved. Many of the projects focus on new technologies; for example, Arctic Energy Alliance

is studying the feasibility of incorporating fuel-fired micro-turbines into the C.S. Lord Northern Geoscience Centre and Taiga Environmental Laboratory facilities in Yellowknife.

In the Yukon, nine projects were approved that strengthened knowledge, made it more accessible, fostered innovative business opportunities and explored e-commerce potential. Examples of projects include the Yukon River Inter-Tribal Watershed Council interactive geographic information system (GIS) database, publicly accessible through the Internet; and L'Association franco-yukonnaise Web portal to strengthen the francophone community's business and cultural links.

Food Mail Program

INAC secured an additional \$12 million per year for the Food Mail Program starting in 2002–03, enabling the department to avoid increases in Food Mail postage rates for the 10th consecutive year. However, because of strong growth in demand for the nutritious perishable food and other essential items shipped under this program and the increasing cost of aviation fuel, sharp increases in postage rates or other major program changes will be required in 2003–04 and future years unless the department is successful in obtaining a funding escalator to offset Canada Post's increasing costs of providing Food Mail service to the 60 isolated communities that receive most of their perishable food under this program.

In collaboration with Canada Post, Health Canada and the Nunavik Regional Board of Health and Social Services, a second Food Mail pilot project was launched in Kangiqsujuaq, Quebec, in July 2002, to reduce the cost of the most important perishable foods and provide complementary nutrition education and retail promotion of healthy foods. A third pilot project with a similar focus began in Fort Severn, Ontario, in January 2003.

In cooperation with Canada Post and the Air Cargo Transportation Research Group at Laval University, the Food Mail Quality Assurance Initiative, which began in Labrador in 2001, was extended to communities served from Val-d'Or, Quebec, and Yellowknife in the Northwest Territories.

The above achievements are consistent with INAC's Food Mail Program priorities as set out in the department's response to the Auditor General's Report (<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20021211ce.html>) published in December 2002, which recognized the importance of the Food Mail Program in making a healthy diet more affordable for Northerners. The Auditor General's only recommendation was that INAC undertake a review of the location of major entry points for the Food Mail Program. As indicated in its response, INAC will continue to examine alternatives on a case-by-case basis as resources permit, where there is clear evidence that the existing entry points adversely affect the quality or price of foods. To learn more about the Food Mail Program see: http://www.ainc-inac.gc.ca/ps/nap/norairstag_e.html.

Sustainable Use of Northern Natural Resources

Mining-related Activities

The NAP co-organized the Northern Mines Ministers Conference in April 2002 with territorial governments and INAC regional offices. A major result of the conference was the development of a Northern Geoscience Strategy to support incremental investments in a comprehensive geoscientific framework to assist exploration and development of mineral resources in the North.

In addition, Mine Site Reclamation Policies were developed for the Northwest Territories and Nunavut, and published in July 2002.

These important policies were designed to provide a resource management tool to ensure that ongoing and future northern mining operations are carried out responsibly and provide industry, institutions of public government and the public with a clear policy statement on federal expectations for current and future mine developments on Crown land. They provide for the protection of human health and the environment, and ensure that financial security is in place to cover the cost of final closure. A draft of Mine Site Reclamation Guidelines has also been prepared and circulated for stakeholder review; final guidelines will be completed and distributed in 2003–04. The NAP also participated in developing the draft policy for the *Yukon Quartz Mining Act* with the Yukon Government; with devolution, the Yukon Government has taken the lead on this initiative.

Expected Results 2002–03

Sustainable Use of Northern Natural Resources

Operational

- ▶ INAC Minister and territorial mines ministers to hold conference to address issues facing mining industry in the North.
- ▶ Develop mine site reclamation policies for NWT, Nunavut and Yukon through industry-government consultation, and complete mine production licence regulations under the *Yukon Quartz Mining Act*.
- ▶ Complete work with industry and regulatory agencies to develop and publish a series of regulatory road map guides for oil and gas activities in NWT regions and the Beaufort Sea.

Collaborative

- ▶ In concert with other federal departments, industry and Northerners, ensure preparedness for resumption of petroleum exploration in the Beaufort Sea, one or more pipeline developments in the North, and other development activities related to oil and gas exploration.

Source: 2002–03 Report on Plans and Priorities

Oil and Gas Activities

The NAP, in conjunction with the Inuvialuit Regional Corporation and the Canadian Association of Petroleum Producers, jointly developed and published the regulatory guide, *Oil and Gas Approvals in the Beaufort Sea*, in June 2002. The fifth in a series, the guide outlines the regulatory framework for authorizing oil and gas exploration and production on Canada's frontier lands in the Beaufort Sea. (You can view the guides at www.oilandgasguides.com/aguides.htm.)

In addition, an interdepartmental forum, entitled "Federal Preparedness for Hydrocarbon Activity in the Beaufort Sea," has been established to monitor industrial offshore activities in the North, to identify issues that require action by federal departments and agencies, and to keep federal departments and agencies informed of activities and related issues, including Northwest Territories devolution and pipeline developments. The NAP continued to provide overall strategic direction and coordination for federal government departments to advance Canada's interests in

Beaufort Sea exploration, as well as in pipeline developments in Alaska, the Yukon and the Northwest Territories.

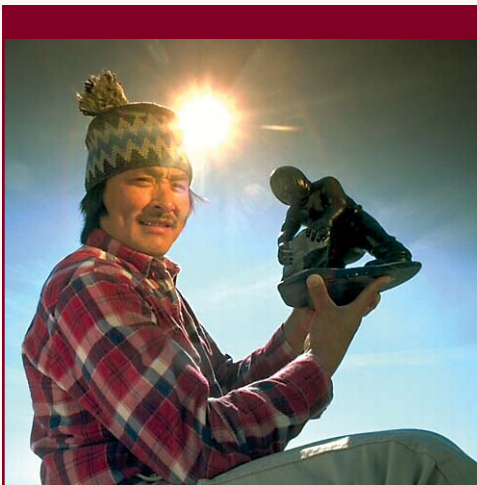
Cooperation Plan

In June 2002, INAC's Northwest Territories region released a Cooperation Plan for the Environmental Impact Assessment and Regulatory Review of a Northern Gas Pipeline Project through the Northwest Territories. The plan brought together 16 boards and agencies with environmental assessment and regulatory responsibilities to develop a coordinated process, reduce duplication and maximize effectiveness. The cooperation plan outlines the most likely process to be followed in reviewing potential northern pipeline and associated development. It demonstrates the commitment and ability of agencies to work together on environmental assessment and regulatory processes. Following the release of the plan, the parties have been establishing agreements that detail a joint environmental impact assessment process and coordinated regulatory hearings.

Areas for Improvement and Lessons Learned

Yukon Devolution Transfer Agreement

Northern circumstances require close and effective working relationships between Aboriginal and non-Aboriginal Northerners. The creation of the Yukon Devolution Transfer Agreement brought all parties to the negotiating table to help ensure all interests were reflected in the final agreement. Devolution involves a wide range of complex issues and, while the transition on April 1, 2003, went smoothly, certain loose ends remain to be tied up. To profit from the Yukon experience when negotiating devolution with the other territories, INAC will be undertaking a "lessons learned" exercise on the Yukon Devolution Transfer Agreement.



Northern Contaminants Program

Effectively managing human health and safety and environmental issues in the North is of highest priority for Canadian governments, northern residents and other stakeholders. The evaluation of the Northern Contaminants Program (NCP) in 2002–03 found that under INAC's leadership and management, the NCP has become a model that is being emulated for interdisciplinary research in other countries.

The evaluation found the NCP provided a vehicle for Canadian northern Aboriginal people to express community concerns at international forums, established new standards for partnerships with Aboriginal organizations and is now being used as a reference standard for other programs. To learn more about the NCP, see http://www.ainc-inac.gc.ca/ncp/index_e.html.

Contaminated Sites

While the Commissioner of the Environment and Sustainable Development's Annual Report to Parliament in October 2002 highlighted concerns about the management of federal contaminated sites, including abandoned mines in the North, it noted that the department had made progress in its handling of contaminated sites. A key lesson learned, and one that INAC was already taking action on, was the need to prevent environmental damage before it occurs rather than trying to correct it afterward. INAC now has procedures in place to increase the amount of financial security to be collected from mining companies. Through a combination of tools — water licences, surface leases and environmental agreements — INAC is overseeing the collection of sufficient funds to deal with the closure and restoration each new mine site.

Food Mail Program

The Auditor General's Report on the Food Mail Program has helped to raise the profile of this program's importance to making a healthy diet more affordable for Northerners. With current resources, however, both the Food Mail Program and Canada Post staff involved in the program are limited in their capacity to undertake a review of the Food Mail network as recommended by the Auditor General, given other priorities. Efforts are focused on enhancing program effectiveness under the existing network. Priority is being given to isolated communities served from Happy Valley — Goose Bay, Labrador and Churchill, Manitoba since the use of these entry points appears to be causing more serious food-quality problems than other entry points. Baseline nutrition and food security surveys undertaken in the three Food Mail pilot project communities between October 2001 and December 2002, to be published in 2003–04, have documented serious food security and nutrition problems in these communities, confirming that current efforts to reduce the cost of the most important perishable foods and measures to improve quality and variety, combined with nutrition education, are appropriately focused.

Canadian Polar Commission

Strategic Outcome

To provide Canadians with an effective national and international presence in relation to polar science and technology that contributes to a broader understanding of polar issues.

How much did it cost?

Planned Spending	\$961,000
<i>Total Authorities</i>	<i>\$969,107</i>
2002–03 Actuals	\$931,999

Explanation of Variance

The variance of \$8,107 between planned spending and total authorities is primarily attributable to an increase in contributions to employee benefit plans. The variance of \$37,108 between actual spending and total authorities is mainly attributable to the carry forward to future years of funding for operating resources.

Results Logic for Each Strategic Outcome

To provide a context for performance, focus on outcomes and link resources to outcomes, a results-logic "map" has been outlined for each strategic outcome in INAC and the Canadian Polar Commission (CPC).

These results-logic maps build on the circles of influence described previously and allow the reader to visibly link together INAC's use of resources to perform activities and produce outputs at the operational level, and to influence outcomes at the collaborative level with partners and client communities, such as First Nations, Inuit and Northerners. These collaborative outcomes can then be associated with the strategic outcomes and priorities that make up the raison d'être of the department.

All accomplishments reported in Section III can be traced to at least one summary statement in the appropriate results-logic map. Eventually these charts will serve as accomplishment report outlines, and will link achievements to the results-logic map. By consulting each map, a reader will then more easily see how specific accomplishments contribute to broader strategic outcomes.

Results Logic

Global Circle

STRATEGIC (GLOBAL) OUTCOMES

Canada, the North and the world An effective national and international presence in relation to polar science and technology that contributes to a broader understanding of polar issues

Collaborative Circle

COLLABORATIVE OUTCOMES WITH ARCTIC STAKEHOLDERS

[See *What did we accomplish in 2002–03?* for specific targets and results]

Persons with an interest in polar issues:

- the public
- scientists
- Arctic stakeholders

Canada's views are represented in international initiatives and organizations

Increased national and international awareness of polar issues and research activities

COLLABORATIVE OUTCOMES WITH PARTNERS

[See *What did we accomplish in 2002–03?* for specific targets and results]

Federal, territorial and international governments, research institutes and organizations, and universities

Implementation of appropriate research by government departments and agencies

Development of a national policy for northern scientific research

Stronger support for Canadian polar research and the renewal of research infrastructure by government departments and granting councils

Increased national and international awareness of polar issues and research activities through conferences and workshops dealing with emerging national and international issues, in collaboration with other organizations

Operational Circle

ACTIVITIES

[See *What did we accomplish in 2002–03?* for specific targets and results]

OUTPUTS

INAC, Canadian government and international organizations

- ▶ Communicating polar science to Canadians
- ▶ Identifying new partnerships for the development of polar information
- ▶ Facilitation of bilateral and multilateral research
- ▶ Strengthening of Canada's presence in international organizations
- ▶ An increasingly important advocacy role with respect to polar knowledge in Canada, especially regarding the need to renew aging research infrastructure and strengthen research funding

- ▶ Regular reports on Canada's performance in polar research
- ▶ New partnerships
- ▶ Increased research
- ▶ Raised presence
- ▶ Increased awareness of research funding and infrastructure requirements

RESOURCES

\$0.9 million in 2002–03 and 5 full-time equivalents

Priority

Development and Dissemination of Knowledge Concerning the Polar Regions (\$0.9 million in 2002–03)

How does performance related to this priority contribute to the department's strategic outcomes?

The focus of the Canadian Polar Commission (CPC) is to raise awareness and understanding of polar issues by providing Canadians with an effective national and international presence in polar science and technology.

The Commission's activities provide valuable input into the state of Canadian polar knowledge; help focus national attention on the need for world-class research, information and infrastructure; and improve domestic research. The CPC serves as an important source of information on polar research and provides a link between governments, the research sector, Aboriginal communities, industry, academics and the Canadian public.

The CPC is also Canada's primary point of contact with the international circumpolar scientific community. It is Canada's adhering body to the International Arctic Science Committee and the Scientific Committee on Antarctic Research and provides liaison with research organizations throughout the circumpolar world. Its international efforts complement its domestic research activities and provide Canadian input into multilateral scientific projects of relevance to Canadians.

What are the benefits and results for Canadians?

- ▶ Enhanced polar knowledge
- ▶ Increased public awareness of polar science
- ▶ International profile as a circumpolar nation
- ▶ Science and technology in polar regions

What challenges and opportunities do we face and what are the risks associated with delivering — or not delivering — on this priority?

The current environment includes a diverse and widely dispersed research community, with small research institutes supporting a broad range of research activities. Members of the research community participate in initiatives to various degrees, while governments give polar research differing priorities. The CPC is needed to coordinate federal and private sector research activities, and to generate greater collaboration and exchanges of information.

The CPC plays a key role in implementing a range of initiatives, including the following:

- ▶ communicating polar science to Canadians;
- ▶ identifying new partnerships for the development of polar information;
- ▶ facilitating bilateral and multilateral research;
- ▶ strengthening Canada's presence in international organizations; and

- ▶ playing an increasingly important advocacy role with respect to polar science and technology in Canada, especially regarding the need to maintain or replace ageing research infrastructure and increase research funding.

At present, other polar nations are actively funding and undertaking projects to address crucial gaps in the knowledge of Canada's Arctic regions. If Canadian polar research capacity does not increase, Canada will become dependent on foreign interests for this information. Consequently, at a time when polar research is steadily increasing in importance around the world, Canada could be perceived as a weak link among polar nations.

Without the Commission's efforts to promote the development of a national polar science strategy, Canadian polar research will continue to lack focus and direction, with the attendant risks of needlessly high costs, duplication of effort and other inefficiencies.

Finally, without the opportunities for communication provided by the CPC, researchers and Northerners would lose an important venue for raising issues and concerns.

What did we accomplish in 2002–03?

Enhanced Polar Knowledge

Publications

Meridian, the Commission's Arctic science newsletter, and the *Newsletter of the Canadian Arctic Research Network* each published two issues, providing current information on polar research to readers in Canada and abroad. The objective of the newsletters is to increase national and international awareness of polar issues and research activities. Increased awareness may also promote better coordination of polar research. Subscribers number approximately 1,400 and include university and government researchers, politicians, policy makers and other public servants, as well as university, college, school and community libraries. Requests for copies of newsletters and for inclusion on the mailing list — mainly from polar researchers and from schools across the country — have been increasing, from very few in 2001–02, to about 50 in 2002–03. This is apart from the several hundred copies picked up by participants at conferences. Comments from readers have been very favourable.

Expected Results 2002–03

Enhanced Polar Knowledge

Operational

- ▶ Increase national and international awareness of polar issues and research activities through publication of the CPC's *Meridian* newsletter and the newsletter of the Canadian Antarctic Research Network, to continue improvements to and coordination of polar research, to expand the knowledge base, and to increase access to information.
- ▶ With the publication of the third *Indicators Report*, we will continue reporting systematically and regularly on Canada's performance in polar research: to contribute to meaningful analysis; to identify significant trends, strengths and gaps in Canadian polar research; and to allow policy makers to make informed decisions.
- ▶ Refine and expand the directory of polar researchers.

Collaborative

- ▶ Continue to expand the Canadian Polar Information Network through links to national and international polar research resources; by refining the Polar Science Forum, an interactive tool for discussion of issues affecting the conduct of polar science and the development of policy.

Source: 2002–03 Report on Plans and Priorities

Both newsletters appear in print and on the Commission's Web site. Two issues of *Meridian* are available at http://www.polarcom.gc.ca/english/pdf/meri_03_spring_en.pdf and http://www.polarcom.gc.ca/english/pdf/meri_02_fall_en.pdf.

The two issues of the *Canadian Antarctic Research Network* newsletter are available at http://www.polarcom.gc.ca/english/pdf/carn_vol15_eng.pdf and http://www.polarcom.gc.ca/english/pdf/carn_vol14_eng.pdf.

The Commission and the Canadian Committee for Antarctic Research also published *Antarctic Science and Bipolar Linkages: A Strategy for Canada* (http://www.polarcom.gc.ca/francais/antarctic/pdf/antarctic_science_enfr.pdf). This Antarctic science strategy, if adopted, will enable Canada to meet its international obligations under the Antarctic Treaty, under which Canada is obliged to demonstrate a continuing interest in conducting scientific research in the region.

Indicators

Fourteen indicators are tracked to allow the Commission to identify trends, strengths and gaps in Canadian polar research. Indicators range from looking at the state of co-management research, to the occurrence of polar matters raised in House of Commons debates, to the number of Canadian university courses on polar-related subjects. They allow precise replication from year to year and are based on a set of rigid methodological rules for data collection. A compendium of the rules is available on request. This year, the Commission published the report for the third year of data collection, and continued refining methods and collecting data. Indicators Report 2000 is available at http://www.polarcom.gc.ca/english/pdf/00_indicators_report_en.pdf.

Canadian Polar Information Network

Greater use was made by polar researchers across Canada of the Canadian Polar Information Network (<http://www.polarcom.gc.ca/english/cpin/about.html>), the Polar Science Forum and other tools as a result of the Commission's activities this year. New national and international links to research projects and institutes, non-governmental organizations, etc. were added to the Canadian Polar Information Network. The Polar Science Forum, which offers researchers a way to stay abreast of new developments, was expanded and attracted over 200 new subscribers over the space of a single year, exceeding expectations. Researchers and other polar specialists used the Forum to create their own limited-access interactive discussion groups and work together on-line. The Canadian Climate Impacts and Adaptation Research Network — North held on-line workshops on climate change; other groups using the service include the Coastal Zone Canada Association, the International Arctic Science Committee Canada, and the Arctic Circle. A separate on-line space was created for discussion of the proposed International Polar Year because of the many postings. These on-line spaces will help to connect international polar researchers and coordinate research efforts in 2007–08.

The Bulletin Board, where subscribers post items of interest to the polar research community — job opportunities, requests for proposals, new publications, events, field courses and scholarships — was used extensively. The Researcher's Directory, the on-line database of Canadian polar specialists, has received a steady stream of submissions from those wishing to be included, and has grown in size and improved in accuracy.

Increased Public Awareness of Polar Science

Federal Cooperation

The Commission is a member of the Assistant Deputy Ministers' Committee on Northern Science and Technology. It is also working toward creation of a national polar research strategy to plan, prioritize and coordinate federal research activities in the Arctic and meet the emerging needs of Northerners.

Promotional Activities

The Commission sent newsletters and other information to about 30 schools in response to requests received, and added more information and links to its Web site. On the advice of northern educators, the Commission decided not to continue holding its essay contest and instead to search for more effective ways of encouraging primary and secondary school students to become interested in polar science.

Expected Results 2002–03

Increased Public Awareness of Polar Science

Operational

- ▶ Increase access to polar research information through the CPIN, an evolving resource for information and data on polar research.
- ▶ Contribute to formulation and implementation of a plan for cooperation among federal departments and agencies (Assistant Deputy Ministers' Committee on Northern Science and Technology).

Collaborative

- ▶ Encourage primary and secondary school students to become more familiar with Canada's Arctic by providing information through the Web site and by continuing to hold an annual essay contest for Northern high school students.

Source: 2002–03 Report on Plans and Priorities

International Profile as a Circumpolar Nation

International Representation

The Commission continued to serve as Canada's primary point of contact with the international circumpolar scientific community. The Commission is Canada's adhering body to the International Arctic Science Committee (<http://www.iasc.no/>), a non-governmental organization that promotes international cooperation on Arctic research. The Commission is also Canada's adhering body to the Scientific Committee on Antarctic Research (<http://www.scar.org/>), an interdisciplinary committee of the International Council for Science that initiates, promotes and coordinates scientific research in Antarctica and provides scientific advice to the Antarctic Treaty System.

The Commission expanded its contact with the European Union (EU) through the Canadian mission to the EU on science and technology and has been working to encourage Canadians to take advantage of the research possibilities offered by the EU's Sixth Framework Programme for Research and Technical Development (<http://fp6.cordis.lu/fp6/home.cfm>). The Commission was actively involved in plans to bring the Northern Research Forum (<http://www.nrf.is/index.html>) to Yellowknife for its 2004 meeting. The Commission provided office space to GRID-Arendal (<http://www.grida.no/>), the key polar centre for the United Nations Environment Program, an in-kind contribution that helps Canada meet its commitment to the ECORA project (the Integrated

Expected Results 2002–03

International Profile as a Circumpolar Nation

Operational

- ▶ Enhance Canada's profile as a circumpolar nation by ensuring Canadians have effective representation on international organizations and committees, and by participating in multinational research projects.

Collaborative

- ▶ Increase cooperation among international initiatives and organizations such as the Northern Dimension of Canada's Foreign Policy, the University of the Arctic, the Arctic Council, the Arctic Science Committee, the Northern Research Forum and the Scientific Committee on Antarctic Research.

Source: 2002–03 Report on Plans and Priorities

Ecosystem Approach to Conserve Biodiversity and Minimize Habitat Fragmentation in the Russian Arctic). The project aims to sustain the biological and cultural diversity of the Russian Arctic. The Commission also provided advice relating to polar science to the Interdepartmental Network on International Science and Technology.

Science and Technology in Polar Regions

Increased Polar Research

Canada has excellent polar researchers and a stellar international reputation in polar science, but years of underfunding have diminished our ability to make the best use of these resources. Therefore, increased polar research by universities and

Expected Results 2002–03

Science and Technology in Polar Regions

Operational

- ▶ Publication of reports on the state of polar knowledge.
- ▶ Publication of *Meridian* newsletter and the newsletter of the Canadian Antarctic Research Network, to provide current information on polar research to national and international researchers.

Collaborative

- ▶ Increased polar research by universities and federal departments and agencies as a result of better awareness, stronger support and better access to needed information.
- ▶ Collaboration with the Association of Canadian Universities for Northern Studies to offer scholarships to promising young researchers.

Source: 2002–03 Report on Plans and Priorities

federal departments and agencies is a major goal — by necessity a long-term one. Although the need for more polar research in Canada is clear, the situation is showing early signs of improvement. There is growing awareness of the importance of climate change and adaptation, Arctic sovereignty and security, and of the need to look forward in research planning. The Commission's efforts, combined with the efforts of others, have played an important role in this awareness, which is reflected in the recent Budget announcement of new northern research funding for the granting councils and for federal northern research activities.

Scholarships

The Commission sponsored a northern research scholarship through the Canadian Northern Studies Trust of the Association of Canadian

Universities for Northern Studies (<http://www.cyberus.ca/~acuns/>). The winner, a PhD candidate in anthropology who uses paleoclimatic and archaeological evidence to investigate cultural adjustments to climate change in the Canadian Arctic, wrote an article about her research in the Spring-Summer 2003 issue of *Meridian* (http://www.polarcom.gc.ca/english/pdf/meri_03_spring_en.pdf).

Areas for Improvement and Lessons Learned

The Web-based Canadian Polar Information Network has the potential to offer much more polar information to Canadians than it is currently able to. For example, funding constraints meant a real-time video feed for polar research conferences, seminars and workshops was not possible. The CPC's increased profile over the past few years has raised expectations in the polar research community such that the number of the requests it receives to hold meetings and conferences and to provide other support has increased exponentially.

The Commission finds it impossible to meet the demand. The CPC's funding has decreased by approximately 25 percent since its creation in 1991. As such, the Commission is only able to maintain current activities and cannot initiate new activities, such as examining the adequacy of polar research infrastructure or initiating a consultative process to begin work on a national polar science strategy.



Section IV ▸ Other Reporting

Conditional Grants/Foundation

Aboriginal Healing Foundation

Under Gathering Strength, the federal government committed \$350 million to support community-based healing initiatives for Métis, Inuit and First Nations people on- and off-reserve who were affected by the legacy of physical and sexual abuse in the residential school system or its intergenerational impacts. This funding was provided as a one-time grant in 1998–99 to the Aboriginal Healing Foundation (AHF), an Aboriginal-operated, not-for-profit corporation that is independent of both government and Aboriginal political organizations. The AHF uses the moneys received to support community-based healing projects. Eligible projects complement existing programs and meet healing needs not currently being supported. The AHF's final deadline for project applications was February 28, 2003. As of March 31, 2003, the Foundation committed \$285.5M to community healing projects including healing centres. The AHF anticipates that the remaining funds (including interest generated) will be committed by October 2003 and that project funding will conclude by March 31, 2007. For additional information, including annual reports and evaluation reports, see the AHF Web site at <http://www.ahf.ca>.

Procurement and Contracting

1. Role played by procurement and contracting in delivering programs

The procurement and contracting activity supports the delivery of programs within INAC's headquarters and its 11 regional offices. Besides enabling all departmental personnel to acquire the office furniture, furnishings, desktop computers, stationery, supplies and equipment they need, this activity allows INAC to obtain professional and consulting services from the private sector in pursuit of its responsibilities to First Nations and Inuit. It provides a wide range of services, from diamond valuation and mine management to auditing and program evaluation to specific claims and litigation research, federal negotiators and training.

2. Overview of the contract management processes and strategy within the department

While the departmental contract management process is decentralized, it remains mostly under the responsibility of the procurement community, save for low-value goods and services purchased by departmental employees with acquisition cards (MasterCard and Visa).

All purchase orders, call-ups against Public Works and Government Services Canada (PWGSC) standing offers, and requisitions to PWGSC are activated by dedicated purchasing specialists. Service contracts valued at less than \$25,000 are prepared by responsibility centre managers (RCMs) and reviewed by dedicated contracting specialists before being awarded. All competitive and noncompetitive service contracts in excess of \$25,000 in value are managed exclusively by contracting specialists at headquarters and in the regions.

All departmental RCMs have been delegated a signing authority of \$25,000 to award noncompetitive contracts, \$400,000 for a contract following an invitational competitive process and \$2,000,000 for a contract resulting from a bid solicitation on the Government Electronic Tendering Service, or MERX.

3. Progress and new initiatives enabling effective and efficient procurement practices

- ▶ Increased the number of acquisition cards (MasterCard and Visa) to 702, the number of transactions to 35,366 and the value of transactions to \$13.1 million;
- ▶ Implemented access to BMO Details-Online for all MasterCard holders within the department to enable them to track and pay for purchases in a more efficient and effective manner;
- ▶ Expanded the Departmental Procurement Review Committee's mandate to include the assessment of departmental performance consistent with Modern Comptrollership on management control systems and effectiveness in managing procurement; and
- ▶ Served on the Treasury Board Advisory Committee on Contracts, the Business Development Coordination Team, the ADM Steering Committee of the PWGSC Electronic Supply Chain project and the Treasury Board Professional Development Advisory Committee.

Government On-Line/Service Improvement Initiative

The department views Service Improvement (SI) as an integral part of the Government On-Line (GOL) initiative. The implementation of GOL is therefore driven by the requirement to streamline business processes for effective, efficient and citizen-centric service delivery. Key services such as provision of information, registration of individuals, and management of Funding Agreements are the current focus of the GOL/SI initiative. Where opportunities exist, an integrated, whole of government approach is pursued as the preferred service delivery model. The following is a summary of the measured steps taken toward achieving the stated objective of the department's GOL/SI initiative.

Web Site Improvements

The Internet is recognized by the department as one of the primary channels for the dissemination of information and, as a result, the amount of information available on-line has steadily increased. To ensure that this information is easily accessible and meets clients' needs, the department has revamped its Web site (www.ainc-inac.gc.ca), implemented a new search engine and improved the site navigational structure.

The department continues to ensure that its Web site is accessible for the visually impaired as well as those that use adaptive computing technology to navigate the Internet. INAC is dedicated to ensuring that all material published on-line is Common-Look-and-Feel compliant, which includes meeting all accessibility requirements.

First Nations Reporting Guide

A review of the First Nations National Reporting Guide was conducted and opportunities for improving the reporting process were identified, including the need for a data collection review, which will be undertaken as a necessary prelude to system development.

Aboriginal Canada Portal

The federal government and National Aboriginal Organizations further expanded the partnership-driven Aboriginal Canada Portal (<http://www.aboriginalcanada.gc.ca>) to offer even more Aboriginal content, information, programs and services. Enhancements include increasing the number of links, re-organizing the information in the various tables of contents for better navigation, adding new applications such as the Virtual Aboriginal Trade Show, and Webcasting national Aboriginal conferences and events.

Comprehensive Integration Document Management

Ongoing deployment of Comprehensive Integration Document Management (CIDM) continues to enrich the on-line collection of text-based information. Over 60 percent of staff resources contribute to a corporate document collection, allowing on-line handling of information in the delivery of services. The CIDM initiative has expanded to include change management.

On-line Registration and Status Card

The pilot project with Treaty 7 Tribal Council to try out on-line registration and Status Card issuance processes is a continuing success. Lessons learned through this project, including a more secure card design, have been documented and will benefit national implementation of an enhanced Indian Status Card in the future.

First Nations and Inuit Transfer Payment Project

A review of the Transfer Payment business process was completed and a high-level system architecture developed based on initial user requirements. The review also identified a need for the rationalization of data collected from Transfer Payment funding recipients. The data rationalization will be carried out with other government departments that are project partners and will be coordinated through the Federal Interdepartmental Accountability Review Committee.

Connectivity

In 2002–03, the department performed statistical research and policy analysis on Internet connectivity within the Aboriginal communities of Canada. In addition, consultations were undertaken in interdepartmental, provincial and international forums on connectivity infrastructure and capacity-building initiatives. As well, INAC coordinated the National Connecting Aboriginal Canadians forum held March 24–26, 2003, with the purpose of increasing awareness, exploring partnership opportunities, and sharing experiences and best practices around Internet connectivity.

Sustainable Development Strategy

Progress on selected commitments in the departmental Sustainable Development Strategy (SDS) are incorporated throughout this document. A complete progress report on the implementation of SDS 2001–2003 can be found at http://www.aic-inac.gc.ca/sd/index_e.html. The summary below provides some highlights of progress on the SDS in 2002–03.

In preparation for the renewal of the SDS, INAC undertook a risk assessment of the current strategy to produce recommendations for improvement. The department also produced a detailed guidance document for those involved in strategy development and management. The guidance document outlines the direction, scope and process to renew the SDS; it also sets out the roles and responsibilities during the development process and for the ongoing management of the strategy. This document will be refined in the coming months and finalized to become the comprehensive SDS management and accountability manual. A Web-based tracking system for SDS commitments was developed and piloted this year as well. The system will be refined and launched in 2003–04 and will be used as the official progress-tracking system for the next strategy.

Senior management involvement in the SDS has significantly increased across the country this past year. Until early in 2002–03, no mechanisms had ever been put in place to facilitate the regular involvement of senior managers. In 2002–03, quarterly updates on SDS progress were provided to the national Operations Committee,



chaired by the Associate Deputy Minister. In the fall and winter, all sectoral and regional management teams were given presentations and involved in discussions on the focus and scope of the renewal of the SDS and on issues related to the implementation of the current strategy. In February, Associate Regional Directors General, senior sectoral managers and the Associate Deputy Minister met for the day in Ottawa to finalize the framework and discuss the

specific content of the renewed SDS. As well, the SDS national Working Group met three times and in each case an Assistant Deputy Minister or Associate Regional Director General participated in the work of the group. In September 2002, the Minister participated directly in a session with the Working Group. Finally, an external evaluation was undertaken to provide details on progress and challenges for implementation of the current strategy and to provide strategic direction for the renewal.

The quarterly updates to the Operations Committee and working directly with sectoral and regional management teams assisted greatly in raising general awareness of the SDS and sustainable development issues. Specific awareness-raising sessions were held with one headquarters sector and in two regions. Discussions on sustainable development and awareness-raising sessions took place with several First Nations organizations as well. Finally, the SDS featured prominently during Environment Week at INAC's headquarters.

Indian and Inuit Affairs Program SDS Priorities

Significant progress was made in advancing the development of an interdepartmental approach to First Nations and Inuit comprehensive community planning (CCP).

Through the work of the Joint INAC-First Nations and Inuit Comprehensive Community Planning Working Group, a *Comprehensive Community Planning Experiences* document was developed and will be ready for distribution by fall 2003. This document profiles the community-planning experiences of 17 First Nations, northern and Inuit communities and was developed in the spirit of facilitating First-Nations-to-First-Nations learning and mentoring in the area of CCP.

A Director-General-level committee has been formed to add support and senior-level decision making to the work on CCP. Specifically, discussions with 10 other federal departments took place on several occasions through the Interdepartmental Working Group on Sustainable Communities and bilateral meetings. It is anticipated that CCP will continue to play a significant role in INAC's SDS and that common commitments on this issue will appear in many departmental sustainable development strategies for 2004–06.

Development of the Environmental Stewardship Strategy (ESS) and action plan was completed and approved by the INAC Operations Committee. This marks a significant commitment by INAC to incorporate environmental management considerations into its decision-making and operational processes. This commitment will ultimately lead to better environmental consideration of the effects of INAC operations on First Nations lands, and thus contribute to healthier First Nations communities. Full implementation of the action plan will be a key element in the next SDS. For more information on the ESS, please see http://www.tbs-sct.gc.ca/est-pre/20032004/INAC-AINC/INAC-AINCr34_e.asp#s4 under Strong Communities, People and Economies — Improved Health and Safety.

Progress has also been made in implementing the *First Nations Land Management Act* through the establishment of two interdepartmental working groups with the Lands Advisory Board. One group is developing a draft environmental management agreement and the other an environmental assessment process model.

Northern Affairs Program Priorities

Successful harmonization of environmental assessment and regulatory processes across federal, territorial and land claim jurisdictions supported pipeline readiness and provided sustainable and appropriate steps for moving forward. The Northern Affairs Program (NAP) has developed management plans for all high-priority contaminated sites in the northern inventory. These plans have been integrated into a five-year management plan that is updated annually. The NAP continues to work with Aboriginal partners and northern institutions to provide training and capacity building.

The NAP's circumpolar efforts have progressed steadily. As a result of a workshop held in Helsinki in November 2001, specific capacity-building targets were incorporated into the objectives of the Arctic Council Sustainable Development Working Group. As planned, a conference for women of the Arctic was held in Saariselka, Finland; an Arctic Council project on women and Arctic fisheries resulted from this conference.

Under Canada's bilateral agreement with Russia on cooperation on the Arctic and the North, key activities included a high-level workshop on Law and Legal Reform in Toronto and two workshops toward development of a regional monitoring system for assessing and monitoring the socio-economic situation of Aboriginal people in

the Russian North. In addition, a mission by Russian local government officials studied Canadian municipal systems, while two major northern and Aboriginal Canadian business missions travelled to Novosibirsk. Finally, 10 Russian small business interns were trained in collaboration with the Government of the Northwest Territories and the training of Aboriginal artists in Tyumen, Russia.

The NAP, on behalf of the federal government, continued to play a lead role in the Arctic Council's "Future of Children and Youth in the Arctic," focusing on the themes of health, networking and Arctic internships, in coordination with Human Resources Development Canada, Health Canada, and the Department of Foreign Affairs and International Trade.

Greening Operations SDS Priorities

The Administration Program made considerable progress in achieving its SDS targets for 2002–03. An Environmental Management System has successfully been developed and will be phased into departmental operations. The system will guide the department in achieving its main goal for the SDS 2001–03: to reduce the environmental impact of the department's internal operations.

One of the key objectives of SDS 2001–03 is to make employees aware of their role in the greening of government operations. To meet this objective, the Greening Internal Operations training tool, a Web-based environmental awareness training package, was launched in August 2002. This on-line training course provides INAC employees with information and guidance on how to reduce the environmental impact of the department's activities.

Status of Fuel Storage Tanks on Land Owned by Indian and Northern Affairs Canada

Annual Report for April 30, 2003

As required under the *Canadian Environmental Protection Act, Part IV, Registration of Storage Tank Systems for Petroleum Products and Allied Petroleum Products on Federal Lands Regulations*, this report provides the information set out in Schedule II of the aforementioned regulation, updated to December 31, 2002.

1. The following number of aboveground storage tank systems:

Are registered with INAC	1,936
Comply with the Federal Aboveground Storage Tank Technical Guidelines	67
Do not comply with the Federal Aboveground Storage Tank Technical Guidelines	1,869

2. The following number of underground storage tank systems:

Are registered with INAC	628
Comply with the Federal Underground Storage Tank Technical Guidelines	9
Do not comply with the Federal Underground Storage Tank Technical Guidelines	619

Category and Name of Fee Activity	Fee Type	Fee Setting Authority	2002-03 Actual Revenue (\$000)	Estimated Full Cost to provide good or service (\$000)	Consultation and Analysis	Service Standard	Performance Results
Living Accommodations	Other	NJC Policy Directive	301	See Footnote 1	See Footnote 2	Not applicable — rental fees	Not applicable
Public Utility Charges	Legislative	FAA	487	2,400	N/A	Fees charged by KWH	Allows individuals and businesses on selected reserves to have access to commodities
Oil and Gas	Regulatory, Right	FLPRR CPRA FLRR	26,962	See Footnote 1	See Footnote 2	INAC has not developed and introduced service standards over and above those that may be listed in the legislation and regulations which govern the exploration and development of northern oil and gas resources under federal jurisdiction. You can view the CPRA and the FLPRR at: CPRA http://laws.justice.gc.ca/en/C-8.5/19839.html FLPRR http://laws.justice.gc.ca/en/C-8.5/SOR-92-26/42139.html	See Footnote 3
Canada Mining	Regulatory	CMR	17,840	See Footnote 1	See Footnote 2	Current service standards are set in existing legislation and regulation: CMR http://laws.justice.gc.ca/en/T-7/C.R.C.-c.1516/175780.html CMR — amendments www.ainc-inac.gc.ca/ps/nap/min_e.html	See Footnote 3
Yukon Quartz Mining	Regulatory	YQMA	562	No longer applicable	No longer applicable	Service standards are set out in the YQMA. As of April 1, 2003 these fees are being collected by the Yukon Territorial government under territorial legislation and are no longer federal revenues. To view the YQMA see http://laws.justice.gc.ca/en/Y-4/109377.html	Not applicable
Land Use	Regulatory	TLR	207	See Footnote 1	See Footnote 2	Current service standards are set in existing legislation and regulation: TLR http://laws.justice.gc.ca/en/T-7/C.R.C.-c.1524/178877.html	See Footnote 3
Land Regulations	Regulatory	TLR	910	See Footnote 1	See Footnote 2	As above — see TLR	See Footnote 3

Placer Mining	Regulatory	YPMA	202	No longer applicable given the devolution of responsibilities for this function to the Yukon Territorial Government on April 1, 2003	No longer applicable	Service standards are set out in the YPMA. As of April 1, 2003 these fees are being collected by the Yukon Territorial government under territorial legislation and are no longer federal revenues. To view the YPMA see http://laws.justice.gc.ca/en/Y-3/109027.html	Not applicable
Quarrying	Regulatory	TQR	173	See Footnote 1	See Footnote 2	Not available at this time	See Footnote 3
Forestry	Regulatory	YTR	70	No longer applicable given the devolution of responsibilities for this function to the Yukon Territorial Government on April 1, 2003.	No longer applicable	Fees payable on cubic metres of timber harvested.	Not applicable
Other Initiatives Less than \$100,000	Regulatory, Legislative	TCR IOGR ATIA	454	See Footnote 1	See Footnote 2	See Footnote 4	

Footnotes

- 1) INAC is currently not a cost recovery organization and has not carried out the analysis necessary to determine the estimated full cost to provide any of its goods or services related to the collection of fees, royalties and other revenues. During 2003–04 INAC will examine its reporting practices to develop a means of reporting on this element.
- 2) Consultation and analysis requirements are in some cases laid out in legislation and regulation. Additionally, INAC does consult industry and other clientele in advance of making changes to legislation and regulations. Over the course of 2003–04 INAC will carry out an exercise to provide more precise content for this particular component.
- 3) Performance results have not been formally developed and implemented. Work will take place over 2003–04 to better define performance results for the purposes of this report.
- 4) Most of these initiatives are very small and the development of service standards is either not applicable or of little value added.

Abbreviations

NJC — National Joint Council	TLR — Territorial Land Use Regulations
FLPRR — Frontier Lands Petroleum Royalty Regulations	TQR — Territorial Quarrying Regulations
CPRA — <i>Canada Petroleum Resources Act</i>	YTR — Yukon Timber Regulations
FLRR — Frontier Lands Registration Regulations	TCR — Territorial Coal Regulations
CMR — Canada Mining Regulations	IOGR — Indian Oil and Gas Regulations
YQMA — <i>Yukon Quartz Mining Act</i>	ATIA — <i>Access to Information Act</i>
YPMA — <i>Yukon Placer Mining Act</i>	

Modern Comptrollership

Overview

In 2002–03, INAC continued to sustain the momentum of Modern Comptrollership through its Modern Management Practices Action Plan. A number of key components of the plan were carried out in 2002–03. The highlight of the year was the department-wide implementation of an Integrated Management of Risk Framework and a format for the development of a Corporate Risk Profile. INAC also sustained a continuous learning environment through preparation of ongoing learning activities and guides on risk management, competency profiles and e-learning. It also put its Long-term Capital Plan and associated Capital Management Regime into operation, which will ensure effective decision-making and planning processes are in place to align the allocation of resources to national priorities. The department also furthered development of a comprehensive Web site dedicated to INAC's comptrollership modernization. The site will enable staff to enhance their knowledge of this government-wide initiative and, more specifically, of the department's Modern Comptrollership initiatives.

Risk Management

The department developed and approved its Integrated Management of Risk Framework in the spring of 2002. The framework is intended to provide a consistent and systematic approach to risk management, by establishing a set of risk management practices relevant to INAC's specific circumstances and mandate.

As part of its overall commitment to sound management practices, the department continues to implement the Communications and Learning Implementation Strategy to provide INAC employees with an understanding of risk management and a consistent departmental process for identifying, assessing and mitigating risk in the work they do.

Integration of risk management into internal audit work is continuing. Internal audits provide senior management with independent assessments of the strategies and practices of risk management, as well as the management frameworks and information practices (financial and other) used in decision making and reporting. The aim is to ensure that internal audits are focusing on areas identified as strategic risks.

A format for the development of the department's Corporate Risk Profile was approved by senior management. The objective of the profile is to identify the range of risks the department faces, along with appropriate mitigating actions, with the aim of fostering improvements in organizational, operational and decision-making processes. While the findings of risk assessments are integrated into Risk-Based Audit Frameworks, we are working at integrating the results into the strategic planning and reporting mechanisms of the department.

The Office of the Auditor General recently released the results of its audit of the integrated risk management initiative (<http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20030401ce.html>). The report is the result of interviews and the review of related documentation from six federal departments, including INAC. The report outlines the major elements needed to facilitate full integration of risk management and lists best practices observed. For its part, INAC will use this report to determine where it should concentrate its efforts.

Audit and Evaluation Reports

The Departmental Audit and Evaluation Branch provides senior management with independent professional advice and assurances on the performance of management frameworks, departmental programs, policies and operations, and risk management. See the departmental Web site at http://www.ainc-inac.gc.ca/pr/pub/ae/index_e.html for various audit, evaluation, review and special study reports.

Best Practices — Planning

An intradepartmental community of interest was established to share planning best practices, notably with BC and NWT Regions and Indian Oil and Gas Canada. This effort also benefited the planning and reporting component of the department's internal governance review.

Support for Front-line Operations

To enhance communications between management and front-line staff, four headquarters senior managers completed individual learning experiences on the front line hosted by a regional front-line officer. In addition, the National Management Team for Supporting Front Line Operations met with senior management twice in 2002–03 to discuss work plans and report on progress. Moreover, a newly designed learning program provided opportunities for 64 headquarters staff to learn more about front-line operations by assisting their front-line colleagues in paying treaty annuities in First Nations communities.

As a means to effectively share information and best practices with front-line staff, an Intranet site has been developed to provide, among other items, a comprehensive reference guide for funding service officers, information on events of interest to front-line staff, and competency profiles for funding service officers and negotiators.

Human Resources Activities

Aboriginal Workforce

During 2002–03, INAC concentrated its efforts on the realignment of Aboriginal workforce activities throughout the Human Resources Branch, beginning with national consultations within INAC and with central agencies. The realignment ensures activities concerned with recruitment, development, promotion and retention of Aboriginal peoples are integrated throughout corporate and regional Human Resources offices and, in partnership with central agencies, provides a strategic platform for the administration and/or modification of existing programs and the creation of new initiatives.

A number of programs were reviewed and modified to promote increased accessibility and employment opportunities for Aboriginal peoples in INAC and the federal public service. A new Aboriginal student employment program (the Aboriginal Skills Development Program) within the Federal Student Work Experience Program has been implemented. This has resulted in a larger pool of Aboriginal candidates being considered for positions in INAC, as well as increased opportunities for these applicants in other areas of the federal public service.

The Aboriginal University Recruitment Inventory (AURI) has been developed and replaces INAC's Aboriginal University Campaign. The objective of AURI is to create an inventory of partially assessed, university-prepared Aboriginal candidates for consideration for positions in INAC. AURI allows managers to easily access competent, qualified Aboriginal university graduates for appointment to their organizations; the staffing process is significantly faster and easier than normal venues. INAC's participation in AURI contributes to a representative workforce while helping to develop the skills of talented Aboriginal individuals, who may in turn contribute their skills to building competent, capable First Nations and First Nations governments across Canada.

The Aboriginal Masters' Program continues to provide support to existing participants. INAC will increase participation in the Public Service Commission's Management Trainee Program and the Career Assignment Program to replace the Aboriginal Masters' Program in 2004.

New procedures for salary funding under the Aboriginal Employment Program have been implemented to ensure that these dollars contribute to the equitable distribution and majority representation of Aboriginal employees.

The Aboriginal Declaration Process (ADP) was piloted and proved to be successful. ADP was applied to appointments made under INAC's Aboriginal Employment Program and required candidates to declare their Aboriginal affiliation, acknowledge ADP and the steps within the process, and document their Aboriginal affiliation prior to appointment. This process assists in maintaining the integrity of the Aboriginal Employment Program.

Increased communication and reporting of activities affecting the recruitment, development, promotion and retention of Aboriginal individuals has been implemented through regular consultation with corporate and operational Human Resources, senior management, the Committee for the Advancement of Native Employment, the Inuit Committee on Employment and central agencies. Information is also posted on INAC's Aboriginal Employment Web site at http://www.ainc-inac.gc.ca/ai/aw/index_e.html.

Employment Equity Action Plan

A new self-identification campaign was conducted in November 2002, in accordance with the departmental Employment Equity Action Plan. This resulted in an increase in the representation rate of the four designated groups in the department.

To raise awareness of employment equity within the department, a new and improved Web site on employment equity was launched in May 2002.

In July 2002, an employment equity checklist was devised as a discussion guide to help Human Resources advisors learn about employment equity procedures to be followed when they meet managers about staffing issues.

Strategic Human Resources Planning Guide

The Strategic Human Resources Planning Guide was revised to include templates and the structure for reporting of key activities.

Human Resources Modernization Initiative

Action planning on the human resources management framework and an integrated approach to implementation will begin once Bill C-25 is passed into law by

Parliament and consultations have taken place with Treasury Board and other government departments. INAC is well-positioned to participate in action planning: INAC's Deputy Minister is a member of the Deputy Minister Working Group on Human Resources Modernization Implementation, which will oversee implementation of the Bill and the resources allocated to it, and INAC's Director General of Human Resources Branch is a member of the ADM Working Group on Human Resources Modernization Implementation. The Human Resources Branch is participating in a number of interdepartmental committees to prepare for the Bill's implementation and has started an analysis to identify its likely impacts on the management of human resources.

The Human Resources Planning Framework was developed to address key departmental issues consistent with human resources modernization.

Continuous Learning and Skills Development

INAC supports staff to develop and maintain the skills necessary to meet departmental priorities by delivering career development workshops nationally and providing learning and career counselling services. In addition, INAC consults and works with communities of practice within the department to develop targeted learning and development strategies, tools and programs, such as the Manager Competency Profile and the management development program.

INAC has also developed and implemented a wide range of continuous learning programs, resources and activities to meet the needs of employees. These include a mentoring program, tools for self-directed electronic learning, Aboriginal and Inuit awareness-raising workshops, and a national facilitators' workshop.

Financial Tables

Table 1 — Summary of Voted Appropriations

Financial Requirements by Authority (millions of dollars)				
Vote		2002-03		
		Planned Spending	Total Authorities	Actual
Indian and Northern Affairs Canada				
Administration Program				
1	Program expenditures	96.2	117.3	116.3
(S)	Statutory payments (see Table 6 for details)	9.2	9.8	9.8
	Total Program	105.3	127.1	126.2
Indian and Inuit Affairs Program				
5	Operating expenditures	301.6	372.3	363.0
6	To write off certain debts and obligations due to Her Majesty in right of Canada	—	29.2	29.2
7	To forgive certain debts and obligations due to Her Majesty in right of Canada	—	0.6	0.6
10	Capital expenditures	18.8	7.7	7.4
15	Grants and contributions	4,481.4	4,426.3	4,424.5
(S)	Statutory payments (see Table 6 for details)	175.0	209.6	177.3
	Total budgetary	4,976.7	5,045.7	5,002.1
L20	Loans and guarantees of loans through the Indian Economic Development Account	—	48.0	(0.4)
L20	Loans to native claimants	31.9	34.4	31.8
L25	Loans to First Nations in British Columbia for the purpose of supporting their participation in the British Columbia Treaty Commission process	43.1	43.1	26.7
	Total non-budgetary	75.0	125.5	58.1
	Total Program	5,051.7	5,171.2	5,060.2
Northern Affairs Program				
30	Operating expenditures	103.8	125.3	123.4
35	Grants and contributions	67.0	80.0	79.9
40	Payments to Canada Post Corporation	15.6	27.6	27.5
(S)	Statutory payments (see Table 6 for details)	8.9	9.5	9.5
	Total budgetary	195.3	242.4	240.4
L40	Loans to the Government of the Yukon Territory for making second mortgage loans to territory residents	—	0.3	—
L55	Provision of Inuit Loan Fund for loans to Inuit to promote commercial activities	—	6.6	—
L81	Loans for the establishment or expansion of small businesses in the Yukon Territory through the Yukon Territory small-business loans account	—	5.0	—
	Total non-budgetary	—	11.9	—
	Total Program	195.3	254.3	240.4
	Total Department	5,352.3	5,552.6	5,426.7
Canadian Polar Commission				
45	Program expenditures	0.9	0.9	0.9
(S)	Statutory payments (see Table 6 for details)	0.1	0.1	0.1
	Total Agency	1.0	1.0	0.9

Total authorities are Main Estimates plus Supplementary Estimates plus other authorities. Due to rounding, figures may not add to totals shown.

Table 2 — Comparison of Total Planned to Actual Spending

Departmental Planned versus Actual Spending by Business Line (millions of dollars)							
Business Line	FTEs*	Operating	Capital	Grants and Contri- butions	Total Gross Expenditures	Less: Responsible Revenue	Total Net Expenditures
Indian and Northern Affairs Canada							
Claims							
(planned spending)	593	91.6	15.8	442.0	549.4	—	549.4
<i>(total authorities)</i>	<i>441</i>	<i>180.6</i>	<i>8.0</i>	<i>454.5</i>	<i>643.1</i>	—	<i>643.1</i>
(Actuals)	441	180.6	8.0	453.7	642.3	—	642.3
Indian and Inuit Programming							
(planned spending)	2,039	229.2	15.0	4,183.2	4,427.3	—	4,427.3
<i>(total authorities)</i>	<i>1,943</i>	<i>276.0</i>	<i>10.6</i>	<i>4,116.1</i>	<i>4,402.6</i>	—	<i>4,402.6</i>
(Actuals)	1,943	234.5	10.3	4,115.0	4,359.8	—	4,359.8
Northern Affairs Programming							
(planned spending)	586	117.9	10.4	67.0	195.3	—	195.3
<i>(total authorities)</i>	<i>685</i>	<i>156.3</i>	<i>6.1</i>	<i>80.0</i>	<i>242.4</i>	—	<i>242.4</i>
(Actuals)	685	154.4	6.1	79.9	240.4	—	240.4
Administration							
(planned spending)	770	99.9	5.0	0.5	105.3	—	105.3
<i>(total authorities)</i>	<i>954</i>	<i>116.4</i>	<i>10.3</i>	<i>0.5</i>	<i>127.1</i>	—	<i>127.1</i>
(Actuals)	954	115.4	10.3	0.5	126.2	—	126.2
Total							
(planned spending)	3,988	538.6	46.1	4,692.7	5,277.4	—	5,277.4
<i>(total authorities)</i>	<i>4,023</i>	<i>729.3</i>	<i>35.0</i>	<i>4,651.0</i>	<i>5,415.2</i>	—	<i>5,415.2</i>
(Actuals)	4,023	684.8	34.7	4,649.1	5,368.6	—	5,368.6
Other Revenues and Expenditures							
Non-Responsible Revenues							
(planned revenues)							(185.2)
<i>(total authorities)</i>							<i>(173.5)</i>
(Actuals)							(173.5)
Cost of services provided by other departments							
(planned spending)							56.6
<i>(total authorities)</i>							<i>71.7</i>
(Actuals)							71.7
Net Cost of the Department							
(planned spending)							5,148.8
<i>(total authorities)</i>							<i>5,313.5</i>
(Actuals)							5,266.9
Canadian Polar Commission							
(planned spending)	5	0.9	—	—	1.0	—	1.0
<i>(total authorities)</i>	<i>5</i>	<i>0.9</i>	—	—	<i>1.0</i>	—	<i>1.0</i>
(Actuals)	5	0.9	—	—	0.9	—	0.9

Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.

Due to rounding, figures may not add to totals shown.

*FTE, full-time equivalent

Table 3 — Historical Comparison of Total Planned Spending to Actual Spending

Historical Comparison of Departmental Planned Spending versus Actual Spending by Business Line (millions of dollars)					
Business Line	Actual 2000-01	Actual 2001-02	2002-03		
			Planned Spending	Total Authorities	Actual
Indian and Northern Affairs Canada					
Budgetary					
Claims	624.8	580.0	549.4	643.1	642.3
Indian and Inuit Programming	4,173.9	4,227.5	4,427.3	4,402.6	4,359.8
Northern Affairs Programming	198.9	219.4	195.3	242.4	240.4
Administration	108.5	117.5	105.3	127.1	126.2
Total Budgetary	5,106.0	5,144.4	5,277.4	5,415.2	5,368.6
Non-Budgetary					
Claims	57.5	63.5	75.0	77.5	58.6
Indian and Inuit Programming	—	—	—	48.0	(0.4)
Northern Affairs Programming	—	—	—	11.9	—
Administration	—	—	—	—	—
Total Non-Budgetary	57.5	63.5	75.0	137.3	58.1
Total					
Claims	682.3	643.5	624.4	720.5	700.8
Indian and Inuit Programming	4,173.9	4,227.5	4,427.3	4,450.6	4,359.3
Northern Affairs Programming	198.9	219.4	195.3	254.3	240.4
Administration	108.5	117.5	105.3	127.1	126.2
Total Department	5,163.5	5,207.9	5,352.3	5,552.6	5,426.7
Canadian Polar Commission	1.0	1.0	1.0	1.0	0.9

Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.
Due to rounding, figures may not add to totals shown.

Table 4 — Crosswalk

Crosswalk between Strategic Outcomes and Business Lines (millions of dollars)				
Indian and Northern Affairs Canada	Business Lines			Total
	Indian and Inuit Programming	Claims	Northern Affairs Programming	
Strategic Outcomes				
To provide Canadians with an environment that fosters a more promising future for all First Nations and Inuit people by strengthening the relationship and addressing the disparities in living standards of First Nations and Inuit versus non-Aboriginal people; and to promote enhanced skills and expertise leading to more sustainable and accountable Aboriginal governments, increased self-sufficiency and economic independence.	4,359.3	700.8	—	5,060.2
To provide Canadians with management of the federal Northern Agenda resulting in: strengthened territorial governance systems that are sensitive to Aboriginal rights and interests and the needs of all Northerners in general; exercising environmental stewardship, and promoting sustainable development in the North.	—	—	240.4	240.4
Sub-total	4,359.3	700.8	240.4	5,300.6
Administration				126.2
Total				5,426.7
Canadian Polar Commission			Business Line	
Strategic Outcome	Canadian Polar Commission			
To provide Canadians with an effective national and international presence in relation to polar science and technology that contributes to a broader understanding of polar issues.			0.9	

Due to rounding, figures may not add to totals shown.

Table 5 — Non-Respendable Revenues

Non-Respendable Revenues by Business Line (millions of dollars)					
Business Line	Actual 2000-01	Actual 2001-02	2002-03		
			Planned Revenues	Total Authorities	Actual
Indian and Northern Affairs Canada					
Claims	11.7	15.7	11.6	14.0	14.0
Indian and Inuit Programming	17.4	13.9	16.6	17.5	17.5
Northern Affairs Programming	138.5	133.0	156.8	141.8	141.8
Administration	0.2	0.3	0.2	0.2	0.2
Total Non-Respendable Revenues (Department)	167.7	162.8	185.2	173.5	173.5
Canadian Polar Commission					
	—	—	—	—	—

Due to rounding, figures may not add to totals shown.

Table 6 — Statutory Payments

Statutory Payments by Business Line (millions of dollars)					
Business Line	Actual 2000-01	Actual 2001-02	2002-03		
			Planned Spending	Total Authorities	Actual
Indian and Northern Affairs Canada					
Claims					
Grants to Aboriginal organizations designated to receive claim settlement payments pursuant to comprehensive land claim settlement Acts	164.8	149.1	142.4	142.4	142.4
Grassy Narrow and Islington Bands Mercury Disability Board (<i>Grassy Narrows and Islington Indian Bands Mercury Pollution Claims Settlement Act</i>)	—	—	—	—	—
Court awards	0.3	0.4	—	2.2	2.2
Contributions to employee benefit plans	3.6	4.1	7.2	7.2	7.2
Sub-total (Claims)	168.6	153.6	149.7	151.8	151.8
Indian and Inuit Programming					
Liabilities in respect of loan guarantees made to Indians for housing and economic development (<i>Indian Act</i>)	—	0.1	2.0	—	—
Indian annuities (<i>Indian Act</i>)	1.6	1.6	1.4	1.8	1.8
Payment from the Consolidated Revenue Fund of guaranteed loans issued out of the Indian Economic Development Account	0.2	—	—	32.5	0.4
Contributions to employee benefit plans	19.4	20.0	21.9	23.1	23.1
Refunds of amounts credited to revenues in previous years	—	0.2	—	—	—
Spending of proceeds from the disposal of surplus Crown assets	—	0.1	—	0.3	0.2
Sub-total (Indian and Inuit Programming)	21.3	22.1	25.3	57.8	25.5
Northern Affairs Programming					
Payments to comprehensive claim beneficiaries in compensation for resource royalties	2.0	2.1	1.5	1.5	1.5
Contributions to employee benefit plans	7.3	7.0	7.4	7.6	7.6
Refunds of amounts credited to revenues in previous years	1.0	3.7	—	0.4	0.4
Spending of proceeds from the disposal of surplus Crown assets	—	—	—	—	—
Sub-total (Northern Affairs Programming)	10.3	12.8	8.9	9.5	9.5
Administration					
Minister of Indian Affairs and Northern Development — Salary and motor car allowance	0.1	0.1	0.1	0.1	0.1
Contributions to employee benefit plans	8.8	8.4	9.1	9.7	9.7
Spending of proceeds from the disposal of surplus Crown assets	—	—	—	—	—
Refunds of amounts credited to revenues in previous years	—	—	—	—	—
Sub-total (Administration)	8.9	8.5	9.2	9.8	9.8
Total Statutory Payments (Department)	209.1	197.0	193.0	228.9	196.6
Canadian Polar Commission					
Contributions to employee benefit plans	0.1	0.1	0.1	0.1	0.1

Total authorities are Main Estimates plus Supplementary Estimates plus other authorities. Due to rounding, figures may not add to totals shown.

Table 7 — Transfer Payments

Transfer Payments by Business Line (millions of dollars)					
Business Line	Actual 2000-01	Actual 2001-02	2002-03		
			Planned Spending	Total Authorities	Actual
Indian and Northern Affairs Canada					
Grants					
Claims	366.8	428.7	371.6	397.4	396.7
Indian and Inuit Programming	239.7	237.2	330.1	245.6	245.6
Northern Affairs Programming Administration	0.7	2.7	0.7	2.1	2.1
Total Grants	607.2	668.6	702.4	645.0	644.3
Contributions					
Claims	54.5	57.1	70.5	57.1	57.0
Indian and Inuit Programming	3,723.9	3,762.3	3,853.0	3,870.5	3,869.4
Northern Affairs Programming Administration	62.0	68.9	66.3	77.9	77.9
Total Contributions	3,840.9	3,888.8	3,990.2	4,006.0	4,004.8
Total					
Claims	421.3	485.9	442.0	454.5	453.7
Indian and Inuit Programming	3,963.6	3,999.5	4,183.2	4,116.1	4,115.0
Northern Affairs Programming Administration	62.7	71.6	67.0	80.0	79.9
Total Transfer Payments (Department)	4,448.1	4,557.4	4,692.7	4,651.0	4,649.1
Canadian Polar Commission	—	—	—	—	—

Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.
Due to rounding, figures may not add to totals shown.

Supplementary Information on Transfer Payment Programs

Objectives of Transfer Payment Programs by Business Line

Benefits and Results for Canadians

Indian and Inuit Programming

(2002–03 Actual Expenditures: Grants \$245.6 million; Contributions \$3,869.4 million)

To assist First Nations and Inuit communities in achieving their self-government, economic, educational, cultural, social and community development needs and aspirations. The Indian and Inuit Programming assists First Nations in building healthy, sustainable communities through provision of services and programs similar to levels provided to other Canadian residents by provincial, territorial and municipal governments (including education, social services and community infrastructure). It also fulfils many of Canada's constitutional and statutory obligations and responsibilities to First Nations and Inuit people.

Claims

(2002–03 Actual Expenditures: Grants \$396.7 million; Contributions \$57.0 million)

To achieve negotiated settlements of Aboriginal land claims. Such settlements resolve outstanding grievances, establish certainty to land title and access to lands and resources, create a climate that promotes economic development, and avoid time-consuming litigation. The settlement of a claim is not viewed as an end in itself, but rather as a beginning in which the Aboriginal people start to regain control of their destiny. Claims settlements provide a land base and financial package which establish a solid basis, and provide support for the department's Gathering Strength priorities of renewing the partnerships, strengthening Aboriginal governance, developing a new fiscal relationship and supporting strong communities, people and economies.

Strong Communities, People and Economies — strengthened and sustained economic development; increased self-sufficiency; improved health and safety.

Strengthened Aboriginal Governance — governance capacity-building initiatives; self-government and claims agreements; devolved federal responsibilities.

New Fiscal Relationship — effective governance and fiscal relationships, including new fiscal arrangements models and practical examples; new fiscal and statistical institutions; strengthened governance and fiscal accountability; financial management skills and capacity in First Nations.

Renewed Partnerships — reconciliation and community healing; increased public awareness of Aboriginal issues; stronger working relationships with Aboriginal people and organizations; new approaches to federal, provincial and territorial relations with First Nations and Inuit communities.

Northern Affairs Programming

(2002–03 Actual Expenditures: Grants \$2.1 million; Contributions \$77.9 million)

To promote the political, economic, scientific and social development of Canada's North; to assist Northerners, including Aboriginal groups, to develop political and economic institutions which will enable them to assume increasing responsibility within the Canadian federation; to effectively manage and regulate the sustainable development of the North's natural resources in preparation for devolution to the territorial governments; to preserve, maintain, protect and rehabilitate the northern environment; and to manage ongoing federal interests in the North, including federal northern policy, federal-territorial relations and claims and self-government implementation, and federal circumpolar activities.

Effective Management of Federal Interests in the North — strengthening northern governance; fostering circumpolar co-operation; a healthy human and natural environment; sustainable use of northern natural resources.

Milestone Monitoring

The department has in place the appropriate systems to monitor and ensure the integrity of its transfer payment programs. Specifically, the department has developed various performance frameworks (e.g. Gathering Strength) and reporting vehicles (e.g.; annual reports on comprehensive claims and progress on Gathering Strength), which provide information on departmental performance to Canadians. The department also utilizes its internal audit and evaluation function to review programs and activities on an ongoing basis.

Table 8 — Loans

Loans by Business Line (millions of dollars)					
Business Line	Actual 2000-01	Actual 2001-02	2002-03		
			Planned Spending	Total Authorities	Actual
Indian and Northern Affairs Canada					
Claims					
Loans to native claimants	57.2	34.6	31.9	34.4	31.8
Loans to the Council of Yukon First Nations for interim benefits to the Yukon elders	0.3	0.3	—	—	—
Loans to First Nations in British Columbia for the purpose of supporting their participation in the British Columbia Treaty Commission process	—	28.5	43.1	43.1	26.7
Sub-total (Claims)	57.5	63.5	75.0	77.5	58.6
Indian and Inuit Programming					
Loans and guarantees of loans through the Indian Economic Development Account	—	—	—	48.0	(0.4)
Sub-total (Indian and Inuit Programming)	—	—	—	48.0	(0.4)
Northern Affairs Programming					
Loans to the Government of the Yukon Territory for making second mortgage loans to territory residents	—	—	—	0.3	—
Provision of Inuit loan fund for loans to Inuit to promote commercial activities	—	—	—	6.6	—
Loans for the establishment or expansion of small businesses in the Yukon Territory through the Yukon Territory small-business loans account	—	—	—	5.0	—
Sub-total (Northern Affairs Programming)	—	—	—	11.9	—
Administration					
	—	—	—	—	—
Total (Department)	57.5	63.5	75.0	137.3	58.1
Canadian Polar Commission	—	—	—	—	—

Total authorities are Main Estimates plus Supplementary Estimates plus other authorities.
Due to rounding, figures may not add to totals shown.

Table 9 — Contingent Liabilities

Contingent Liabilities (millions of dollars)			
List of Contingent Liabilities	Amount of Contingent Liability		
	March 31, 2001	March 31, 2002	Current as of March 31, 2003
Loans	1,251.4	1,254.9	1,283.5
Claims and Pending and Threatened Litigation	9,159.1	9,250.3	11,831.2
Total (Department)	10,410.5	10,505.2	13,114.7

Sick Leave

Employees are permitted to accumulate unused sick leave. However, such leave entitlements do not vest and can be used only in the event of illness. The amount of accumulated sick-leave entitlements that will become payable in future years cannot reasonably be determined and accordingly has not been recorded in the information provided. Payments of sick-leave benefits are included in current operations as incurred.



Section V ▸ Other Information

Contacts for Further Information

Indian and Northern Affairs Canada

Terrasses de la Chaudière
10 Wellington St., North Tower
Gatineau, Quebec
Postal Address: Ottawa, Ontario K1A 0H4
E-mail: webmaster@ainc-inac.gc.ca
Internet: <http://www.ainc-inac.gc.ca>

General Enquiries and Publication Distribution

Phone: (toll-free) 1-800-567-9604
TTY: (toll-free) 1-866-553-0554
E-mail: InfoPubs@ainc-inac.gc.ca

Departmental Library

Not sure who to contact in the department?

Phone: (819) 997-0811
E-mail: Reference@ainc-inac.gc.ca

Media Enquiries — Communications

Phone: (819) 994-2044

Statistical Enquiries (Sociodemographic)

Phone: (819) 953-9999
E-mail: Instat@ainc-inac.gc.ca
Sociodemographic statistical publications available at
http://www.ainc-inac.gc.ca/pr/sts/index_e.html

Northern Affairs Program

Phone: (819) 953-3760
E-mail: NAPInfo@ainc-inac.gc.ca

Canadian Polar Commission

Constitution Square
360 Albert Street, Suite 1710
Ottawa, Ontario K1R 7X7
(613) 943-8605 or 1-888-POLAR01
E-mail: mail@polarcom.gc.ca
Internet: <http://www.polarcom.gc.ca>

Co-delivery Partner Contacts — Federal Department or Agency

Health Canada

Call (613) 954-8815 or see the Web site at <http://www.hc-sc.gc.ca>

Non-Insured Health Benefits; Community health services; Environmental health and surveillance; Hospital services; National Native Alcohol and Drug Abuse Program; Brighter Futures Program — Community Mental Health and Child Development; Aboriginal Head Start; National Children's Agenda; Aboriginal Diabetes Strategy; First Nations and Inuit Home and Community Care Program; First Nations and Inuit Health Information Systems; Food Safety and Nutrition Program; Organization for the Advancement of Aboriginal People's Health; Federal Tobacco Control Strategy; Labrador Innu Comprehensive Healing Strategy; Collection and Analysis of Health Information of First Nations; Capital Rust-Out; Public Security and Anti-Terrorism; Early Childhood Development for First Nations and Other Aboriginal Children; First Nations and Inuit Primary Care Electronic Health Record; and the Provincial-Federal First Nations Telehealth Project.

Human Resources Development Canada

Call (819) 997-8677 or see the Web site at <http://www.hrdc-drhc.gc.ca>

Aboriginal Human Resources Development Strategy.

Canada Mortgage and Housing Corporation

Call (613) 748-2586 or see the Web site at <http://www.cmhc-schl.gc.ca>

On-reserve: Non-Profit Housing Program; Residential Rehabilitation Assistance Program; Home Adaptations for Senior's Independence; and Housing Internship Initiative for First Nations and Inuit Youth.

Off-reserve: Rural and Native Housing Program; Urban Native Housing Program; Residential Rehabilitation Assistance Program; Emergency Repair Program; Agreement respecting the implementation of the James Bay and Northern Quebec agreement related to housing in Nunavik.

Solicitor General of Canada

Contact the Aboriginal Policing Directorate at (613) 991-0241 or see the Web site at <http://www.sgc.gc.ca>

First Nations Policing Policy — Implementation, maintenance and development of the First Nations Policing Program, mainly on-reserve, through tripartite policing agreements between First Nations communities, provincial and territorial governments and the federal government, to provide First Nations with access to professional, effective, culturally sensitive police services that are accountable to the communities they serve.

Canadian Heritage

Contact the Aboriginal Affairs Branch at (819) 994-3835

Aboriginal Friendship Centres Program; Northern Native Broadcast Access Program; Aboriginal Representative Organizations Program; Aboriginal Women's Program; Aboriginal Language Initiative; Aboriginal Languages Program; Urban Multipurpose Aboriginal Youth Centres Initiative; and Young Canada Works for Urban Aboriginal Youth.

Industry Canada

Call (613) 954-4064 or see the Web site at <http://www.abc-eac.ic.gc.ca>

Aboriginal Business Canada — Provides financial assistance, information, resource materials and referrals to other possible sources of financing or business support.

Fisheries and Oceans Canada

Contact the *Aboriginal Affairs Directorate* at (613) 993-1917

Aboriginal Fisheries Strategy and the *Marshall Long-term Response Program* (Fisheries Access and Co-Management Programs) — Increases Aboriginal involvement in all aspects of fisheries, fish habitat management and commercial fishing opportunities.

Natural Resources Canada

Contact the *Financial Management Branch* at (613) 996-6865

Aboriginal Model Forest; *First Nation Forestry Program*; *Canada Lands Surveys Act*; CANMET Energy Technology Centre; Enhanced Aboriginal Involvement Strategic Initiative; and capacity-building grants and initiatives in resource management.

Justice Canada

Contact the *Aboriginal Justice Directorate* at (613) 941-9298 or the *Programs Branch* at (613) 957-3180 or visit the Web site at <http://www.canada.justice.gc.ca>

Aboriginal Justice Strategy; *Legal Studies for Aboriginal People Program* (LSAP); and the *Aboriginal Courtworker Program*.

Privy Council Office

For matters related to *Indian Specific Claims*, contact the *Indian Specific Claims Commission* at (613) 945-1515 or see Web site at: <http://www.indianclaims.ca>; for any other matters, contact the *Federal Interlocutor for Métis and Non-Status Indians* at (613) 947-1848 (*Privy Council Office*).

Indian Specific Claims Commission; *Gathering Strength — Canada's Aboriginal Action Plan*; *Urban Aboriginal Strategy*.

National Defence

Contact *Corporate Services* at (613) 992-6033

Bold Eagle Program; *Canadian Forces Aboriginal Entry Program*; *Canadian Rangers Program*; *Junior Canadian Ranger Program*; *Headstart Program*.

Correctional Service of Canada (CSC)

Contact CSC at (613) 943-0493 or visit the Web site at <http://www.csc-scc.gc.ca>

Aboriginal Treatment and Healing Programs; Aboriginal-specific health strategies; Research projects on Aboriginal Reintegration; Aboriginal Healing Lodges; Halfway Houses for Aboriginal offenders; National Aboriginal Employment-Recruitment Strategy; Elders working in institutions and in the community; Aboriginal Liaison Services in federal institutions; support to Native Brotherhood and Sisterhood Groups; Aboriginal Offender Employment and Job Placement; and Aboriginal Gangs Reintegration Project.

Indian Residential Schools Resolution Canada (IRSRC)

Residents of *British Columbia, Alberta or the North* may contact IRSRC at (604) 775-6400; all other residents may call (613) 996-2686 or visit the Web site at <http://www.irsr-rqpi.gc.ca>

Indian Residential Schools Resolution program — Management and resolution of Indian residential school claims.

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