

**Indian and Northern
Affairs Canada
and
Canadian Polar Commission**

Performance Report

**For the
period ending
March 31, 1998**

The Honourable Jane Stewart, P.C., M.P.
Minister of Indian Affairs and Northern Development

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Executive Summary

Throughout 1997–98 the department's energies were focussed on the development, launch, and implementation of *Gathering Strength – Canada's Aboriginal Action Plan*. At the same time, we have moved forward with the establishment of the new territory of Nunavut and the promotion of key resource-based economic activities — most notably diamond mining — in the North.

The challenges now are to achieve meaningful results on the broad range of *Gathering Strength* initiatives that have been launched, and to successfully manage the agenda in partnership with First Nations and Inuit and through effective horizontal coordination and integration of federal activities. The Department of Indian Affairs and Northern Development (DIAND) will also have to address, in the coming months, the policy implications, uncertainty and opportunities created by the Delgamuukw decision. We must also move forward with the establishment of an Independent Claims Body to facilitate negotiations, improve efficiencies and help address the backlog of claims. In the area of litigation, we must deal with the rapid increase in the number of cases in intensely active stages of litigation, as well as the impact of Delgamuukw on future litigation. In the North, the challenge is to continue to develop new governance institutions that are sensitive to Aboriginal interests and to the shared interests of all people in Canada, while we work to strengthen the North's economic base.

The department's strategies involve working with Aboriginal people and organizations, other federal departments, provincial and territorial governments, and other partners to address these challenges, and to achieve a renewed partnership based on the principles of mutual respect and recognition, responsibility, and sharing. To achieve this, we are strengthening working relationships with Aboriginal people and organizations through consultation and joint policy development. Together with First Nations and Inuit, we are taking new approaches to federal-provincial-territorial relations to identify common priorities and to work together on practical solutions to meet the needs of Aboriginal people. Our strategy emphasizes structural change, it supports program design and delivery at the regional level, and a horizontal approach across government, and it ensures that priorities and initiatives are developed in partnership with regions and Aboriginal people. Solutions to Aboriginal issues can only be found if all levels of government cooperate with each other and Aboriginal people. We need to move beyond debate over jurisdictions and responsibilities to employing alternative approaches that support partnerships.



The operating environment is such that living conditions in many Aboriginal communities are unacceptable. This demands investment, not only fiscal investment but also new policies, programs, and approaches to achieve desirable and lasting results. Despite the considerable progress that has been made in recent years, many First Nation and Inuit communities remain among the most disadvantaged groups in Canada in terms of most critical socio-economic indicators. For instance, unemployment on reserve is about 29 percent – nearly three times the Canadian rate of 10 percent; social dependency is 46 percent – several times the Canadian rate; infant mortality is twice the Canadian rate; life expectancy is about nine years less for Status Indians living on reserve as compared to the Canadian population as a whole; 22 percent of houses on reserve are overcrowded; educational attainment is about 60 percent of the Canadian rate – 37 percent of Status Indians who live on reserve have more than a high school education compared to 65 percent of the Canadian population as a whole.

In the North, significant increases in mineral and petroleum resource activities (development as well as abandonment) in Yukon and the Northwest Territories, coupled with the introduction of new and complex legislation and regulatory obligations, have dramatically increased workloads for the Northern Affairs Program. At the same time, a fundamental reshaping of northern societies is taking place in Yukon, the western Northwest Territories and Nunavut.

Key achievements to date include the successful launch of the *Gathering Strength – Canada’s Aboriginal Action Plan* agenda. Highlights of major achievements can be found in the Summary of Key Achievements (pages 5–6). The details of departmental performance are elaborated throughout the report.

Investments in strong communities, people, and economies have and will continue to achieve sound value for money by providing First Nation and Inuit governments and Northerners the tools and the capacity they need to be self-governing and increasingly self-sufficient, and to create business and employment opportunities.



Key Results Commitments

| | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|
| Indian and Northern Affairs Canada and Canadian Polar Commission had budgetary expenditures of \$4,555,878,448 in 1997–98 | |
| Indian and Inuit Programming (\$3,675.9 million) provided First Nations, Inuit, Northerners, and other Canadians with: | |
| <ul style="list-style-type: none"> ❑ renewed partnerships, as demonstrated by <ul style="list-style-type: none"> » statement of reconciliation expressing regret for past injustices committed against Aboriginal people; » public apology to victims of physical and sexual abuse in residential schools; » creation of an Aboriginal Healing Foundation to fund eligible community-based healing projects; » enhanced public knowledge; » new approaches to federal-provincial-territorial relations with First Nations and Inuit; and » participation of Aboriginal people in the design and delivery of programs. | <p>Achievement reported on: page 22</p> <p>page 22 page 22</p> <p>page 22 pages 22–23 page 23</p> |
| <ul style="list-style-type: none"> ❑ strengthened Aboriginal governance, as demonstrated by <ul style="list-style-type: none"> » progress in self-government negotiations; » First Nations’ capacity for self-government; » implementation of professional development strategies in law-making, environmental stewardship, land and resource management, and community support; » forums for exploratory treaty discussions; and » devolution of federal responsibilities. | <p>Achievement reported on: page 25 page 26 page 26</p> <p>page 26 pages 26–27</p> |
| <ul style="list-style-type: none"> ❑ a new, stable fiscal relationship, as demonstrated by <ul style="list-style-type: none"> » fiscal transfer models that support <ul style="list-style-type: none"> • a government-to-government approach; • own-source revenues and taxation; • standard financial reporting requirements; • strong accountability; and • information exchange. | <p>Achievement reported on: page 29 page 29 pages 30–31 page 31 page 31</p> |
| <ul style="list-style-type: none"> ❑ strong communities, people, and economies, as demonstrated by <ul style="list-style-type: none"> » reforms to the income security system; » support to Aboriginal children; » a new Partnering Strategy for Aboriginal Economic Development; » quality of First Nation education systems and graduation rates; » support for basic services, including education and social development; and » level of health and public safety and the remediation of priority contaminated sites on reserves. | <p>Achievement reported on: page 34 page 34 pages 34–35 pages 35–37 pages 37–38 pages 38–40</p> |



| Claims (\$615.7 million) provided First Nations, Inuit, Northerners, and other Canadians with: | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| <p><input type="checkbox"/> negotiated claims settlements – supporting <i>Gathering Strength</i> initiatives, as demonstrated by</p> <ul style="list-style-type: none"> » claims settlement agreements and certainty with respect to land title; » an Independent Claims Body for specific claims; and » court cases settled out of court. | <p>Achievement reported on:</p> <p>pages 44–45 page 45 page 45</p> |
| Northern Affairs (\$178.9 million) supported First Nations, Inuit, Northerners, and other Canadians by: | |
| <p><input type="checkbox"/> managing federal interests in the North – supporting <i>Gathering Strength</i> initiatives, as demonstrated by</p> <ul style="list-style-type: none"> » establishing the Nunavut territory and government, which come into existence on April 1, 1999; » supporting the western political development process in the Northwest Territories; » devolving DIAND’s provincial-type responsibilities; » completing claims resource management legislation; » promoting strong international Arctic relationships; » reviewing the impacts of the Northern Air Stage (Food Mail) Program.; and » involving Aboriginal people and other Northerners in planning and implementing <i>Gathering Strength</i> and in preparing the government’s Northern Agenda. | <p>Achievement reported on:</p> <p>page 50 page 50 page 50 page 51 page 51 page 51 page 51</p> |
| <p><input type="checkbox"/> promoting northern sustainable development – supporting <i>Gathering Strength</i> initiatives, as demonstrated by</p> <ul style="list-style-type: none"> » developing and revising of natural resources management legislation, regulations, and policies; » implementing strategies to ensure the protection of the environment and renewable resources; » managing resource developments as well as closures and downsizing; and » working with the territorial governments and other northern partners to develop a modern economic development strategy. | <p>Achievement reported on:</p> <p>page 54 page 54 page 54 page 55</p> |
| Administration (\$84.4 million) supported First Nations, Inuit, Northerners, and other Canadians by: | |
| <p><input type="checkbox"/> supporting <i>Gathering Strength</i> and other departmental priorities and finding innovative ways of doing business, as demonstrated by</p> <ul style="list-style-type: none"> » promotion of Aboriginal representation within DIAND; » implementation of best management practices, and leadership and learning skills; and » Year 2000 readiness. | <p>Achievement reported on:</p> <p>pages 58–59 pages 59–60 pages 60–61</p> |
| Canadian Polar Commission (\$1.0 million) supported First Nations, Inuit, Northerners, and other Canadians by: | |
| <p><input type="checkbox"/> providing an effective national and international role and presence in polar regions and in the field of polar science and technology, as demonstrated by</p> <ul style="list-style-type: none"> » development and dissemination of polar knowledge; » raising public awareness of the importance of polar science to Canada and Canadians; » Canada’s international profile as a circumpolar nation; and » fostering science and technology in the North. | <p>Achievement reported on:</p> <p>page 64 page 64 page 64 page 65</p> |



SUMMARY OF KEY ACHIEVEMENTS

Indian and Inuit Programming Achievements

Renewed Partnerships

- Statement of Reconciliation offered by the government on January 7, 1998
- Aboriginal Healing Foundation established on March 30, 1998, \$350 million transferred to the Foundation
- Agreement with the Assembly of First Nations on an Agenda for Action with First Nations
- New approaches to federal-provincial-territorial relationships with First Nations and Inuit (see pages 22–23)

Strengthened Aboriginal Governance

- Over 80 agreements in various stages of development, representing over half of the First Nation and Inuit communities
- 314 First Nations now conduct their elections under custom laws rather than under the *Indian Act*
- 527 First Nations administer the Indian Registry Administration Program
- 139 First Nations were funded to manage their land under the delegation and administration programs
- Managed over 30,000 land transactions and generated over \$30 million in lease and permit revenues
- Initiated exploratory treaty discussions with First Nations and Inuit (see page 26)

A New, Stable Fiscal Relationship

- A tripartite Memorandum of Understanding to establish a Fiscal Relations Table in Saskatchewan
- Research papers prepared on own-source revenue, and international experiences
- 61 percent of audits received within 120 days of year-end compared to 51 percent in 1993–94
- Eighty-three percent First Nations' financial audits received a clear audit opinion compared to 57 percent in 1984–85
- A Memorandum of Understanding between the Assembly of First Nations and the Certified General Accountants' Association of Canada

Strong Communities, People and Economies

- Over \$75 million worth of contracts awarded to Aboriginal firms
- Opportunity Fund funded over 20 businesses resulting in 1,700 direct and indirect jobs
- First Nation and Inuit Youth Employment Strategy benefited more than 15,000 First Nation and Inuit youth and approximately 130 schools have implemented or expanded a cooperative education program
- The *Mi'kmaq Education Act* was passed
- 74 percent of on-reserve students remained until grade 12 compared to 37 percent in 1987–88
- Post-secondary enrolment grew from 14,242 in 1987–88 to approximately 27,100 in 1997–98
- Twelve new First Nation child and family services agencies established on reserve
- The percentage of adequate houses on reserve increased from 46 percent in 1991–92 to 54 percent in 1997–98
- In 1997–98, 97 percent of houses had water delivery and 93 percent had sewage disposal systems, up from 82 percent and 72 percent respectively in 1987–88
- Approximately 2,500 environmental issues identified and investigated on reserves, and \$16.5 million was invested in assessment and priority site remediation



Claims Achievements

- Comprehensive claims settlements were reached and implementation plans developed for three First Nations in Yukon. Progress was made in negotiations in Labrador, Quebec, the Northwest Territories and in British Columbia
- Established joint DIAND/Assembly of First Nations Task Force to make recommendations on the scope, mandate, authority and jurisdiction of the Indian Claims Body
- Concluded eight specific claims settlement agreements
- Progress was achieved in partnership with the Department of Justice supporting the government priority of more effective management of the ever-growing litigation caseload
- A settlement agreement was successfully concluded in February 1998 with the Blueberry River and Doig River First Nations (Apsassin)

Northern Affairs Program Achievements

- Establishment of the Office of the Interim Commissioner for Nunavut, and the training of over 500 Inuit
- Yukon Devolution Protocol Accord developed setting the stage for a Yukon Devolution Transfer Agreement by March 31, 1999
- Federal legislation to devolve responsibilities for oil and gas to the Government of Yukon received proclamation
- The *Mackenzie Valley Resource Management Act (Bill C-80)* was passed
- Review the Northern Air Stage (Food Mail) Program
- Developed Northwest Territories Mine Reclamation Policy and a discussion paper
- Completed sustainable development strategy for the North
- Published the *Canadian Arctic Contaminants Assessment Report*, and the Northern Contaminants Program received funding approval for an additional five years of work in 1997-98
- An Intergovernmental Task Force established with the Government of the Northwest Territories to look at the value-added aspects of diamond mining
- Issued nine oil and gas exploration licences. Six exploratory wells became commercial, eight geophysical operations were conducted and the development of the Ikhil gas discovery was approved
- DIAND, began coordinating efforts to consult northerners, other government departments, the private sector, the territorial governments, and other stakeholders on a modern northern economic development strategy

Administration Program Achievements

- During 1997-98, 40 percent of all those appointed to the department were Aboriginals, increasing Aboriginal representation from 1996-97 levels of 23 percent to 26 percent. Additionally, Aboriginal representation in the Executive Group category increased from 17 percent in 1996-97 to 25 percent in 1997-98
- A Leadership Competency Profile was developed, as well as a series of risk management principles to provide DIAND staff with guidelines to apply in undertaking structured assessments of risks
- A comprehensive information technology plan was developed in the fall of 1996 to ensure that DIAND meets all Year 2000 (Y2K) requirements



Section I – Minister's Message



Since the announcement of *Gathering Strength – Canada's Aboriginal Action Plan* in January 1998, I have been working closely with First Nations and Inuit people to move forward on the *Gathering Strength* agenda. I am encouraged by the positive results we have achieved to date, and perhaps more importantly, by the sense of cooperation and true partnership that has taken hold. The Action Plan is one of reconciliation, healing and renewal, features that are part of a positive spirit which will benefit all Canadians, and which will sustain the momentum of this initiative. I am extremely optimistic as we move forward in partnership with the implementation of *Gathering Strength*.

Key achievements to date include the *Statement of Reconciliation* and the establishment of the Aboriginal Healing Foundation (AHF). The AHF will assess and fund eligible community-based healing initiatives that address the legacy of physical and sexual abuse in residential schools – for which the federal government has provided \$350 million as promised in its 1998 budget. In addition, substantial progress is being made on renewing our partnerships with First Nations and Inuit through such initiatives as the joint planning by the Assembly of First Nations and the federal government for the implementation of the Agenda for Action with First Nations; work on the Inuit-specific agenda; renewal of the Political Accord with the Congress of Aboriginal Peoples; and the federal-provincial-territorial-Aboriginal meeting in Québec City. Furthermore, structural changes are under way, with pilot projects on welfare reform, education initiatives, water, sewer, and housing initiatives, and work on economic development. The development of new fiscal relationships and strengthening accountability is also progressing. The *Gathering Strength* agenda has been successfully launched.

I believe partnership is the key to this new relationship, to the future success of *Gathering Strength*, and indeed, to the future of First Nations, Inuit, and northern governments, their communities, and their relationships with other levels of government and other Canadians. This partnership is broad, and it includes the federal government, Aboriginal people, other levels of government, the private sector, and other interested parties. In the North, for instance, we are working in collaboration with our many northern partners to realize the creation of Canada's third territory, Nunavut, on April 1, 1999. Through a unique partnership arrangement, the department and Public Works and Government Services Canada have worked with Nunavut Tunngavik Incorporated and the Nunavut Construction Corporation (NCC) to allow the NCC to invest up to \$121 million in the construction of housing and office facilities for the future Government of Nunavut. The NCC, a conglomerate of the four Inuit Birthright Corporations, will finance, develop, construct, own, and manage the facilities, which the Government of Canada will lease on a long-term basis on behalf of the Government of Nunavut.

We have also assisted in the opening of Canada's first diamond mine in the North. Broken Hill Proprietary's (BHP) Ekati Diamond Mine opens this fall in the Lac de Gras region of the Northwest Territories. Over its life time, the mine will generate hundreds of millions of dollars for Canada and the Northwest Territories, and provide hundreds of permanent jobs. Furthermore, the federal government is committed to working with Northerners and other stakeholders to design a modern economic development strategy for the North.

As complicated as the issues of government can sometimes become, I believe that, fundamentally, the role of government is to make life better for Canadians. In our case, our particular mandate is to make life better for Aboriginal peoples and Northerners. Canada is without question one of the finest countries in the world, from any perspective. We can all take pride in this, and together we can take pride in working to ensure that all Canadians, including Aboriginal people and Northerners, share in the richness of this great country.



Section II – Departmental Overview

Mandate, Vision, and Mission

The Department of Indian Affairs and Northern Development's (DIAND) broad mandate is rooted in a solid legislative base, which includes the *Indian Act*, the *DIAND Act*, and legislation pertaining to the territories, and it is reflected in its mission statement:

Working together to make Canada a better place for First Nations and Northern peoples.

This mission must be accomplished in a highly complex environment. DIAND has primary responsibility for meeting the federal government's constitutional, political, and legal responsibilities to First Nations, Inuit, and Northerners. The department provides funding to ensure that Status Indians living on reserve enjoy basic services similar to those provided to other Canadian residents by provincial, territorial, and municipal governments. It carries out its broad national responsibilities in partnership with 608 First Nations, 80 tribal councils, 53 Inuit communities, two (soon to be three) territorial governments, and Canada's northern population.

The department ensures basic services for Status Indians living on reserve by funding First Nations to provide the services themselves. These services include education, housing, community infrastructure (roads, water, sewage systems), social assistance, and social support services. The department also negotiates and oversees the implementation of comprehensive and specific land claim settlements, promotes economic development, and on behalf of the federal government, negotiates practical forms of self-government.

In Canada's North, the department assists in the development of territorial governance structures for Aboriginal and non-Aboriginal Northerners, promotes economic growth, manages the sustainable development of its natural resources, including land, minerals, oil and gas, forests (Yukon only) and water, and protects the northern environment. It also fosters Canadian leadership in environmental stewardship and sustainable development among circumpolar nations through the newly created Arctic Council, and manages ongoing federal interests, including the delivery of the Northern Air Stage (Food Mail) Program.

DIAND's mandate encompasses the vision provided by *Gathering Strength – Canada's Aboriginal Action Plan*. Since the *Gathering Strength* announcement in January 1998, the department has been working in partnership with Aboriginal organizations, provinces and territories, and other federal departments to move forward on the *Gathering Strength* agenda, which will provide the tools that Aboriginal people need to guide their destiny, exercise their inherent right of self-government, and establish principles of good governance.

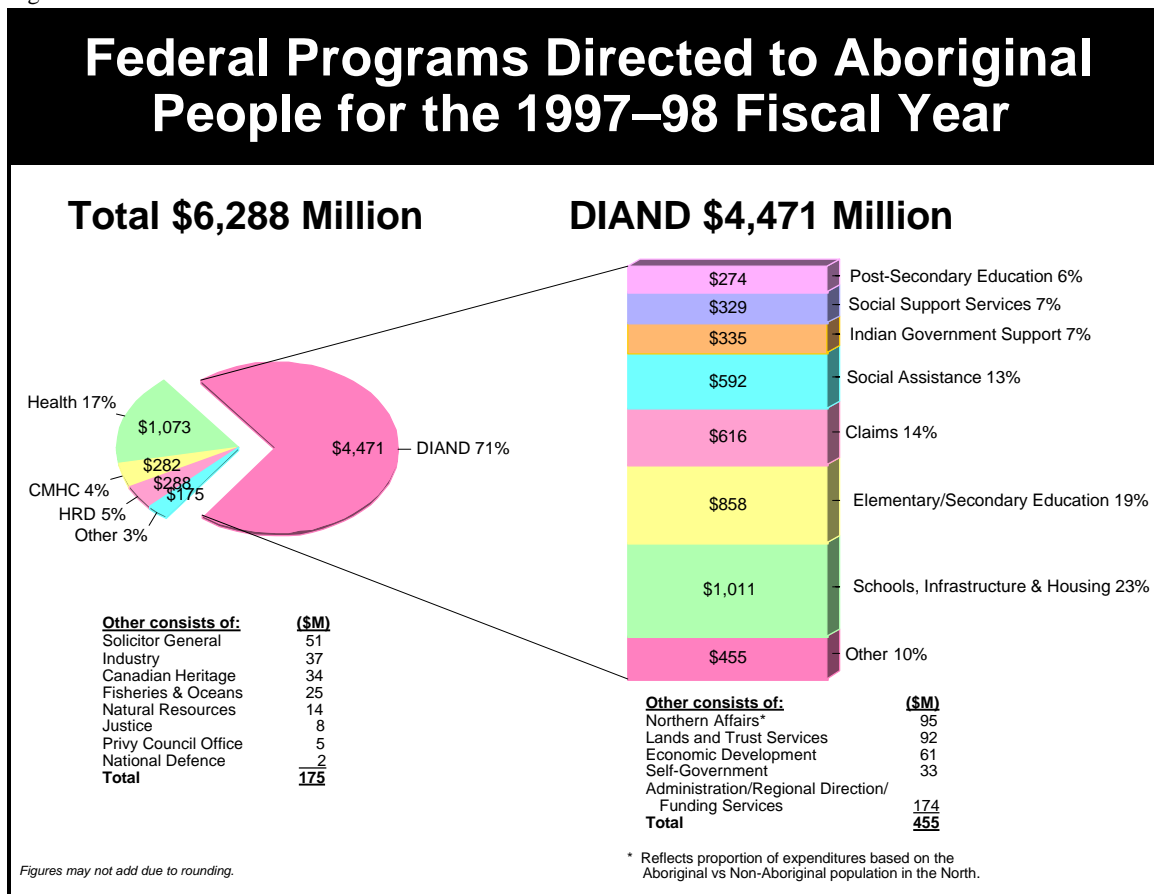


Operating Environment

Position Within the Government

A total of 12 federal departments and agencies offer programs for Aboriginal peoples, including DIAND. These departments and agencies spent a total of \$6.3 billion on Aboriginal people in 1997–98 (see Figure 1). This money enables Aboriginal people to have access to a range of basic services within their communities comparable to those provided to other Canadians through provincial, territorial, and municipal governments.

Figure 1





Co-delivery Partners

Table 1 provides a summary of the programs, initiatives and spending in 1997–98 by other government departments to improve conditions for Aboriginal peoples across Canada.

Table 1

| Department | 1997–98 Actual Spending (\$ Millions) | Programs |
|-----------------------------------------|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Health Canada | 1,073.1 | Non-Insured Health Benefits – drugs, eyewear, dental, transportation National Native Alcohol and Drug Abuse Program Brighter Futures Program – Community Mental Health and Child Development and Aboriginal Headstart Community Health Services, Environmental Health and Surveillance, and Hospital Services <i>For additional information, see Web site at www.hc-sc.gc.ca.</i> |
| Human Resources Development Canada | 287.5 | Aboriginal Partnerships – Regional Bilateral Agreements between Human Resources Development and Aboriginal groups; First Nations/Inuit Child Care and Youth Employment <i>For additional information, see Web site at www.hrdc-drhc.gc.ca.</i> |
| Canada Mortgage and Housing Corporation | 282.0 | Status Indians on reserve – On-Reserve Non-Profit Housing and Residential Rehabilitation Assistance Program Off reserve – Rural and Native Housing and Urban Native Housing <i>For additional information, contact the local Canada Mortgage and Housing Corporation office.</i> |
| Solicitor General of Canada | 51.1 | First Nations Policing Policy – On-reserve First Nations Policing <i>For additional information, see Web site at www.sgc.gc.ca.</i> |
| Industry Canada | 36.7 | Aboriginal Business Canada <i>For additional information, see Web site at www.abc.gc.ca.</i> |
| Canadian Heritage | 33.6 | Aboriginal Friendship Centre, Northern Native Broadcast Access, Aboriginal Representative Organizations, Aboriginal Women's Program, Aboriginal Languages Program <i>For additional information, contact Native Citizens Directorate (Canadian Heritage).</i> |
| Fisheries and Oceans Canada | 25.2 | Aboriginal Fisheries Strategy – to increase Aboriginal involvement in all aspects of fisheries and fish habitat management <i>For additional information, contact Aboriginal Affairs (Fisheries and Oceans Canada).</i> |
| Natural Resources Canada | 13.6 | Canada Lands Survey and Economic Development Initiatives <i>For additional information, contact the Financial Management Branch (Natural Resources Canada).</i> |
| Justice Canada | 7.7 | Native Courtworkers Program, Legal Studies for Aboriginals, Aboriginal Justice Strategy Fund <i>For additional information, contact the Programs Branch/Aboriginal Justice Directorate (Department of Justice Canada).</i> |
| Privy Council Office | 4.7 | Indian Specific Claims Commission and Tripartite Self-Government Negotiations. <i>For additional information, see Web site at www.indianclaims.ca.</i> |
| National Defence | 1.9 | Canadian Rangers, Bold Eagle, Northern Native Entry Program , Headstart (student employment) <i>For additional information, contact Corporate Services (Department of National Defence).</i> |
| Total | 1,817.1 | |



Profile of Canada's Aboriginal Population

In Canada, the total Aboriginal population in 1998 is estimated at 1,356,500 (see Figure 2). Approximately 4.4 percent of all Canadians have Aboriginal ancestry. There are 608 First Nations, comprising 52 Nations or cultural groups with more than 50 languages. Indians on reserve represent 58 percent of the Status Indian population. Federal programming for Aboriginal people focusses primarily on Status Indians living on reserve. Other Aboriginal people and communities receive government services primarily through their provincial, territorial, and municipal governments, like all other Canadians. The on-reserve Status Indian population – 382,400 people in 1998 – is growing at a rate of 2.1 percent per year, while the off-reserve Status Indian population is growing by 2.9 percent or about twice the overall Canadian rate. Over the period 1998 to 2008, the on-reserve and off-reserve Status Indian populations are projected to grow by 20 percent, compared with a 10 percent increase in the Canadian population (see Figure 3).

The registered Indian population is young, with a median age of 25, compared with a median age of 35 years for all Canadians. Fifty-five percent of the on-reserve population is under the age of 25. These demographics create pressure for basic services like education, schools, housing, and public infrastructure, and for increased social services due to the high rate of new family formations.

While Aboriginal people live across Canada, there are significant concentrations in the western provinces and territories, with Aboriginal people representing 26 percent of the population in Yukon and 67 percent in Northwest Territories (see Figure 4). It is also interesting to note that 42 percent of First Nation communities have fewer than 500 residents – only 11 percent have more than 2,000. Thirty-six percent of on-reserve Indians live in urban zones, 44 percent in rural, 18 percent in special access zones and two percent in remote zones. These factors have a direct impact on the cost of providing services.

Figure 2

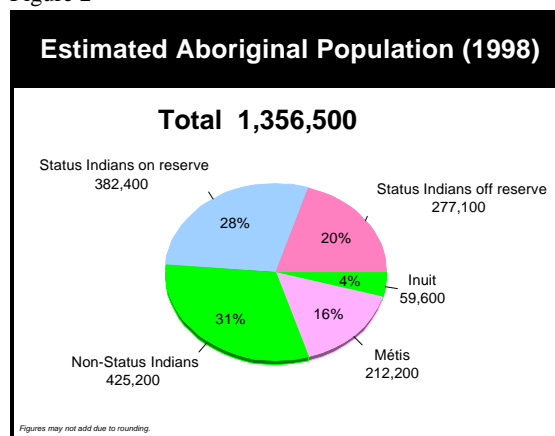


Figure 3

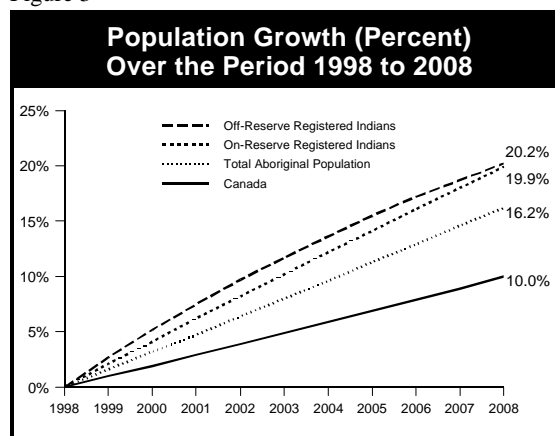
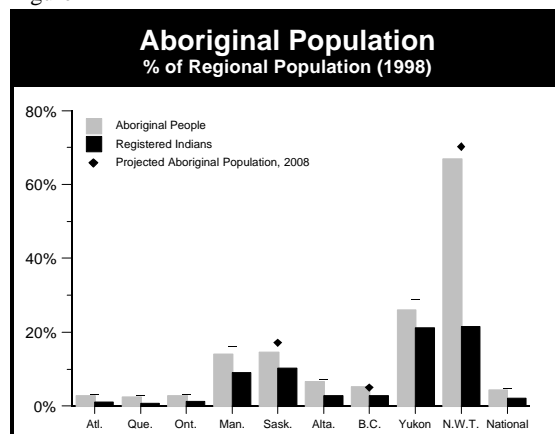


Figure 4





Strategic Objectives and Priorities

DIAND has established eight strategic priorities that encompass the vision provided by *Gathering Strength – Canada's Aboriginal Action Plan*. Table 2 illustrates how these priorities fit within DIAND's operating structure.

Table 2

| Programs | Business Lines | Strategic Objectives or Priorities | 1997-98 Expenditures (\$ Millions) |
|----------------------------------|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Indian and Inuit Affairs Program | Indian and Inuit Programming | Support <i>Gathering Strength</i> by <ul style="list-style-type: none"> <input type="checkbox"/> renewing the partnerships <input type="checkbox"/> strengthening Aboriginal governance <input type="checkbox"/> developing a new fiscal relationship <input type="checkbox"/> supporting strong communities, people, and economies | 3,675.9 |
| | Claims | Support <i>Gathering Strength</i> by <ul style="list-style-type: none"> <input type="checkbox"/> achieving negotiated claims settlements | 615.7 |
| Northern Affairs Program | Northern Affairs | Support <i>Gathering Strength</i> by <ul style="list-style-type: none"> <input type="checkbox"/> managing federal interests <input type="checkbox"/> promoting northern sustainable development | 178.9 |
| Administration Program | Administration | Support <i>Gathering Strength</i> by <ul style="list-style-type: none"> <input type="checkbox"/> supporting departmental priorities and finding innovative ways of doing business | 84.4 |
| Total DIAND | | | 4,554.9 |

The Canadian Polar Commission's strategic objectives and priorities are as follows:

Table 3

| Programs/Business Lines | Strategic Objectives or Priorities | 1997-98 Expenditures (\$ Millions) |
|---------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------|
| Canadian Polar Commission | <ul style="list-style-type: none"> <input type="checkbox"/> Develop and disseminate polar knowledge <input type="checkbox"/> Raise public awareness of the importance of polar science to Canada and Canadians <input type="checkbox"/> Enhance Canada's international profile as a circumpolar nation <input type="checkbox"/> Foster science and technology in the North | 1.0 |



Challenges

Indian and Inuit Programming

Gathering Strength: The government is committed to making steady and demonstrable progress on its new Aboriginal Action Plan. Improvement to social and economic conditions in First Nation communities is a long-term objective. Meaningful and lasting change will not be achieved overnight. Sustainable progress requires a commitment from the federal government, the provinces, the private sector, and First Nations and Inuit people. The challenge now is to implement *Gathering Strength*, to achieve meaningful results on the broad range of initiatives that have been launched, and to successfully manage the agenda in partnership with First Nations and Inuit people and through effective horizontal coordination and integration of federal activities.

Accountability: The key challenge as it relates to accountability for DIAND and First Nations is to ensure that effective systems of accountability are in place to address the needs of First Nation people and to build public confidence on and off reserve.

Claims

Delgamuukw/Lands and Resources: In the coming months, DIAND will have to address the policy implications and uncertainty created by the Delgamuukw decision. The Delgamuukw decision affects issues related to lands and resources; it creates uncertainty with respect to ownership. Delgamuukw has increased the pressure on governments to conclude treaties in order to resolve the ambiguity in regions where unextinguished Aboriginal rights and title might still exist (i.e., British Columbia, the Atlantic provinces, portions of Quebec, Ontario, and Yukon). The decision also imposes a more stringent duty to consult Aboriginal groups concerning infringements of their Aboriginal title caused by government activities, but it also provides the opportunities for Aboriginal people to work with the provinces to obtain access to resources.

Specific Claims: The key challenge with respect to specific claims is to address the government's legal obligations and compensation with predictability, while maintaining Canada's relationship with First Nations. An Independent Claims Body is to be set up to focus on facilitating negotiations, which will remove the perception that Canada is in a conflict of interest, will improve efficiencies, and will help to address the backlog of claims within an increased settlement budget.

Litigation Management: First Nations are increasingly resorting to litigation. In the last five years, there has been a large increase in the number of cases in intensely active stages of litigation, and we have not yet seen the full impact of the Delgamuukw decision or the influence it will have on the filing of future litigation. These factors place enormous pressures on DIAND's human and operational resources to manage the litigation, produce documentary research, prepare positions on settlement or trial, and manage the settlement dollars.



Northern Affairs

Gathering Strength – The Northern Perspective: The challenge for the North is to continue to develop new governance institutions that are sensitive to Aboriginal interests and to the shared interests of all people in Canada, while working to strengthen the North's economic base. The 1998 federal budget stated that the government was committed to working with territorial governments and Northerners to develop a modern economic development strategy.

In less than a year, Canada will have a new, third territory in the North, called Nunavut. In the fall of 1998, the first diamond mine in North America will begin manufacturing diamonds north of Yellowknife, Northwest Territories, and prospects for future diamond mines, as well as other mining and oil and gas developments, are good. All of this will occur against the backdrop of a North where unemployment rates continue to be among the highest in Canada, and where many communities still face extreme adverse social and economic conditions.

DIAND, as the lead federal agency in the North, faces many challenges as it moves toward the successful completion and implementation of these initiatives, as well as the broader goal of supporting the development of strong and stable northern governments and economies. We need to work in partnership with the many players involved in the creation of Nunavut to be ready for April 1, 1999, and the future. We need to continue to pursue a heavy legislative agenda to provide the legislative base for the numerous resource management boards being created as a result of settled land claims. Also, the department needs to work with residents of the western Northwest Territories and Yukon to find ways to fulfil their political development aspirations within the context of public government, including the devolution of provincial-like responsibilities to the Government of Yukon.

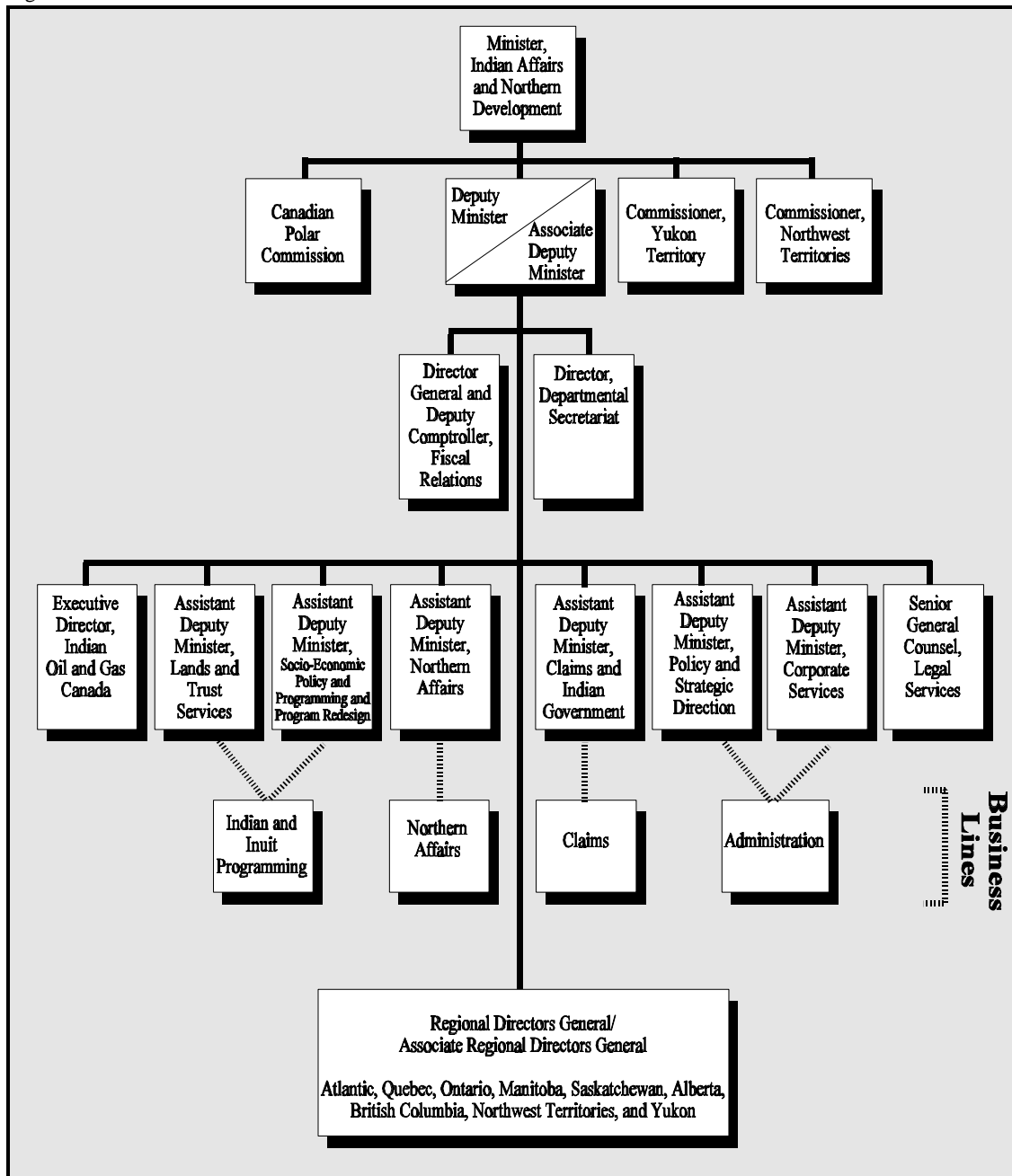
Canadian Polar Commission

The Canadian Polar Commission ensures the effective use of scientific resources and expertise in promoting knowledge of polar regions and polar science, while enhancing Canada's international profile as a circumpolar nation and by recommending polar science direction to the government.



Departmental Organization

Figure 5





Section III – Departmental Performance

Departmental Performance Terminology

The nature of departmental performance commitments and achievements involves a mix of outputs, short-term and intermediate outcomes, and long-term outcomes, as defined in Table 4.

Table 4

| Commitment Type | Examples |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Activities and outputs involve processes and the production of tangible products or deliverables that are largely within the control of the department.</p> | <p>“sign an agreement” “continue to negotiate” “develop a strategy/policy” “conduct research”</p> |
| <p>Short-term and intermediate outcomes involve the First Nations as the user group or recipient of services and programs and/or delivery partners, such as other government departments. These types of outcomes involve making a direct difference to outside groups.</p> | <p>“achieve consensus” “increase skills” “change in physical infrastructure” “change (recipient) operating practices”</p> |
| <p>Long-term or ultimate outcomes involve trends in social, cultural, and economic circumstances for First Nations. These trends are subject to significant outside influences and are therefore less directly attributable to departmental actions than are outputs or short-term and intermediate outcomes.</p> | <p>“school completion rate” “health factors” “economic (employment) indicators”</p> |

It should be noted that performance expectations and accomplishment data are included in the Business Line Performance section. In many cases the department’s achievements are summarized over a significant period (up to 10 years where data is available). Future reporting cycles will continue to increase the emphasis on targeted outcomes for the department as part of our commitment to results-based management.

The details of performance expectations and accomplishments are outlined in the summary of Key Results Commitments (pages 3–4) and elaborated on in the Business Line Performance section (pages 17–65).



Business Line Performance — Expectations and Accomplishments

Indian and Inuit Affairs Program

Overview

The Indian and Inuit Affairs Program consists of two business lines – Indian and Inuit Programming and Claims. Figure 6 shows how \$4.3 billion in Indian and Inuit Affairs Program funding was spent by business line, in 1997–98.

It should be noted that today, First Nations have assumed responsibility for the delivery of almost all social and economic programs funded by DIAND. Of the \$3.7 billion spent on Indian and Inuit Programming, approximately 82 percent goes directly to First Nations and their organizations for government services, such as education, social services, infrastructure, and local government (see Figure 7). These services are comparable to those provided to non-Aboriginal communities and funded by provincial and municipal governments. A further 10 percent is transferred to the provinces for program services. The department directly administers only about eight percent of these funds; most of this relates to legal obligations.

Most First Nations are authorized by federal/First Nation funding agreements to manage their funding to meet community priorities. The department monitors these agreements to ensure compliance with program standards; it also requires independent audits of First Nation accounts regarding the final disposition of these funds.

The following pages provide details of the Indian and Inuit Affairs Program according to the business lines Indian and Inuit Programming and Claims.

Figure 6

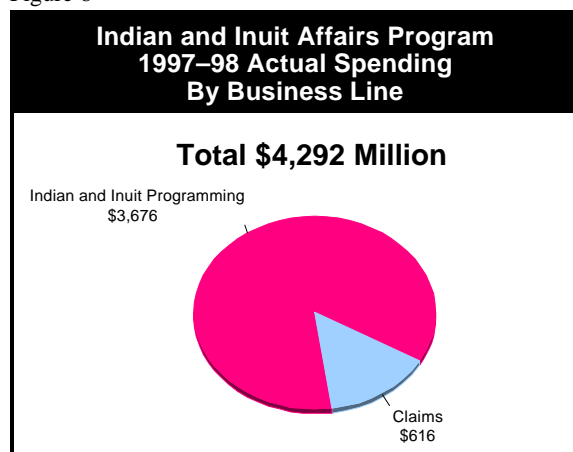
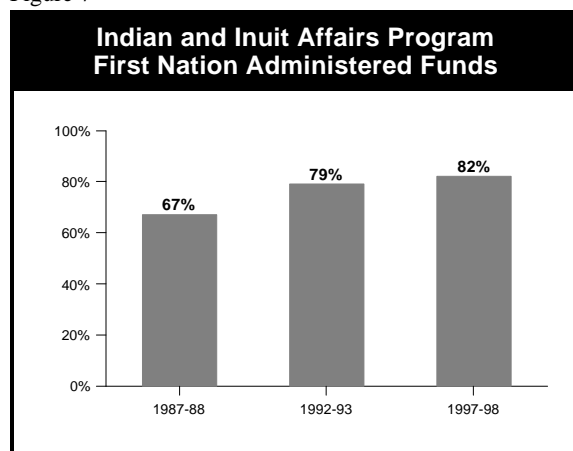


Figure 7





Indian and Inuit Programming

| How Much Did It Cost? | |
|-------------------------------------|------------------------|
| Indian and Inuit Programming | |
| Planned Spending | \$3,771,591,000 |
| <i>Total Authorities</i> | \$3,731,600,794 |
| 1997-98 Actuals | \$3,675,917,730 |

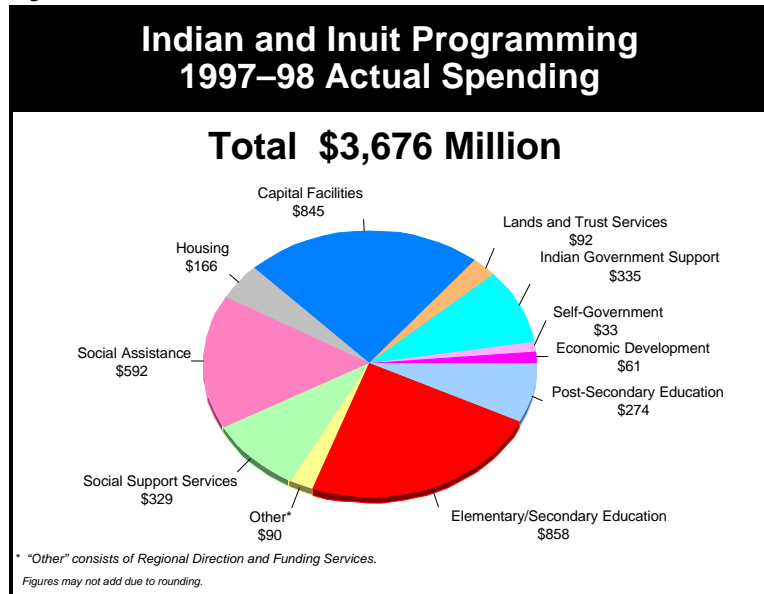
Explanation of Variance

Planned spending included \$47 million for the relocation of the community of Davis Inlet. This is the primary reason for the variance of \$40 million between planned spending and total authorities. Of the \$47 million, \$39 million was carried forward to future years in accordance with the approved relocation plan.

The variance of \$56 million between total authorities and actual spending is primarily attributable to the carry forward to future years of resources to fund the payment of guaranteed loans issued out of the Indian Economic Development Account (\$33 million), and operating resources and transfer payments (\$18 million).

Figure 8 shows how \$3.7 billion Indian and Inuit Programming expenditures were allocated in 1997-98. More than 81 percent of these expenditures relate to basic services comparable to those provided to other Canadians by municipal, provincial, and territorial governments.

Figure 8





Why Are We in the Business?

The objective of Indian and Inuit Programming (IIP) is to assist First Nations and Inuit communities achieve their self-government, economic, educational, cultural, social, and community development needs and aspirations. The IIP helps First Nations to build healthy, sustainable communities with basic services (including education, social services, and community infrastructure) similar to levels provided to other Canadian residents by provincial, territorial, and municipal governments. IIP also fulfils many of Canada's constitutional and statutory obligations and responsibilities to First Nations and Inuit people.

Priorities

In response to the Final Report of the Royal Commission on Aboriginal Peoples (RCAP), the government announced *Gathering Strength – Canada's Aboriginal Action Plan*, which focusses the Indian and Inuit Programming's resources and energies in four key areas:

- ❑ ***Renewing the Partnerships*** – bringing about fundamental change in our relationship with Indian and Inuit peoples
- ❑ ***Strengthening Aboriginal Governance*** – supporting Indian and Inuit people in their efforts to create effective and accountable governments; affirming our treaty relationships; and addressing Aboriginal land claims in a fair and equitable manner through the claims business line
- ❑ ***Developing a New Fiscal Relationship*** (with Aboriginal governments that are more stable and predictable) – supporting strong accountability and promoting greater self-reliance
- ❑ ***Supporting Strong Communities, People, and Economies*** – working with Indian and Inuit people to end the cycle of poverty and despair in many Aboriginal communities by focussing on improving health and safety, investing in people, and strengthening economic and business development.

The details of our key plans and strategies and accomplishments are outlined on the following pages.



Priority: Renewing the Partnerships

The ultimate outcome of this priority will be a renewed partnership with First Nations people and Inuit based on mutual respect and responsibility. This will provide a solid foundation to move forward, in true partnership, on the new Aboriginal Action Plan.

What Are Our Key Objectives and Strategies?

The Government of Canada is working with Aboriginal people and organizations, provincial and territorial governments, and other partners to develop solutions and to achieve a renewed partnership based on the principles of mutual respect and recognition, responsibility, and sharing. To achieve this, we are strengthening working relationships with Aboriginal people and organizations through consultation and joint policy development, and we are taking new approaches to federal-provincial-territorial relations with First Nations and Inuit to identify common priorities and to work together on practical solutions to meet the needs of Aboriginal people.

Gathering Strength - Canada's Aboriginal Action Plan responded to the call of the Royal Commission on Aboriginal Peoples for significant changes in the government's relationship with Aboriginal people.

Underlining the government's commitment to a renewed relationship, the government unveiled a Statement of Reconciliation on January 7, 1998, expressing profound regret over the unfortunate low points of the past relationship and saying to the victims of sexual and physical abuse at residential schools that the government was deeply sorry. At the same time, the government committed \$350 million to support the development of community-based healing to

establish an Aboriginal Healing Foundation. Addressing the legacies of the past and beginning the healing process are prerequisites to moving forward and successfully renewing a meaningful relationship with Aboriginal people.

On January 15, 1998, the federal government and the Assembly of First Nations announced *An Agenda for Action with First Nations*, which outlines in practical terms how the Government of Canada and First Nations can work as partners, developing a more effective working relationship. The department is working with Inuit Tapirisat of Canada to develop an agenda for action with Inuit.

There are already examples of how governments and Aboriginal people can act cooperatively to address Aboriginal issues. These examples include the British Columbia Treaty Process, the Canada-Saskatchewan Common Table with the Federation of Saskatchewan Indian Nations (FSIN), and the Joint Economic Development Initiative in New Brunswick. We plan to build on these approaches.

DIAND is working in partnership with the Assembly of First Nations through a joint task force to recommend the appropriate scope, mandate, authority, and jurisdiction of an Independent Claims Body.



What Environmental Factors Could Influence Performance?

The history of residential schools and the legacy of abuse that has remained with Aboriginal people was given a significant profile in the RCAP. Residential school issues are symbolic of a number of issues characterized as historical grievances. There is a strong expectation that these grievances be addressed before headway can be made in establishing a renewed partnership with Aboriginal people. An apology is considered an important and necessary first step in the healing process of individuals who have been sexually and physically abused. The legacy of physical and sexual abuse continues in Aboriginal communities and is reflected in, among other things, the cycles of abuse, family violence and dysfunction, and substance abuse that exist within the Aboriginal population today, nearly two decades after the bulk of the residential schools were closed.

The legacy of the residential school system is felt differently across the country, and each community will need to determine for itself what its healing needs are. To meet the varied demands of these community-based proposals, the Aboriginal Healing Foundation will need to be creative and flexible in its approach to program and policy design.

The ability of the component parts of the Aboriginal population (Métis, Inuit, and Status Indians living on and off reserve) to continue to work together to design and implement healing initiatives will be essential. The Foundation marks the first time the government has supported an initiative that brings all Aboriginal people together and treats them equally. The ability of the Foundation to avoid being politicized and remain focussed on the healing needs of victims of physical and sexual abuse will be critical to the success of the Foundation.

In broadening the partnership, the distribution of responsibilities and powers in our federation means that shared objectives for addressing Aboriginal issues can only be achieved if all levels of government work cooperatively with each other and Aboriginal people. We need to move beyond debate and disagreements over jurisdictions and responsibilities and employ alternative approaches to support a partnership.

What Did We Promise to Achieve in 1997–98?

- Statement of reconciliation expressing regret for past injustices committed against Aboriginal people
- Public apology to victims of physical and sexual abuse in residential schools
- Creation of an Aboriginal Healing Foundation to fund eligible community-based healing projects
- Enhanced public knowledge
- New approaches to federal-provincial-territorial relations with First Nations and Inuit
- Participation of Aboriginal people in the design and delivery of programs



What Did We Accomplish in 1997–98?

Statement of reconciliation expressing regret for past injustices committed against Aboriginal people: A Statement of Reconciliation was offered by the government on January 7, 1998, which recognized the contribution of Aboriginal people to Canada's development and expressed profound regret for the government's past mistakes.

Public apology to victims of physical and sexual abuse in residential schools: In the Statement of Reconciliation, the government recognized the tragic impact of the residential school system and acknowledged its role in the development and administration of these schools. To those victims who suffered physical and sexual abuse in residential schools, it said that it is deeply sorry.

Creation of an Aboriginal Healing Foundation to fund eligible community-based healing projects: Since early in 1997, extensive consultations with Aboriginal political organizations, community leaders, survivors and survivor organizations, and the churches have taken place to develop a healing strategy. A two-day program design workshop for the Foundation, involving 50 people, was held in March of 1998. During the workshop, survivors and experts in healing were given an opportunity to provide input concerning the development and objectives of the Foundation. The Aboriginal Healing Foundation was established on March 30, 1998, as an independent, non-profit organization. A funding agreement between the Government of Canada and the Foundation was signed on March 31, 1998, and the \$350 million identified for residential school healing has been transferred to the Foundation.

Enhanced public knowledge: In its first full year of operation, DIAND's public education unit conducted a thorough assessment of the public environment and the department's capacity for producing and disseminating information. As a result, a number of communications products were developed including a classroom kit, a colouring book, information sheets for adults and children, a multimedia presentation, advertising and a kiosk display. These products have been very popular and demand remains high. In addition to enhanced, more culturally relevant products, the department pursued a number of outreach activities, each geared toward a specific segment of the Canadian population. For example, the department partnered with the children's magazines *Les Débrouillards* and *Owl* to educate Canadian youth about Aboriginal people, and had an information kiosk at the *Salon des Femmes* in Montreal. During this year, a solid foundation has been set for a comprehensive public education program.

New approaches to federal–provincial–territorial relations with First Nations and Inuit:

Progress was also made on a number of fronts throughout 1997–98 by working with provincial and territorial governments, First Nations, and Inuit to resolve issues of common concern.

Examples of these include: Alberta Chiefs Summit; Saskatchewan Common Table; Ontario Tripartite Process; Mi'kmaq/Nova Scotia/Canada Tripartite Forum. In addition, to these broad forums, below are further examples of tripartite processes addressing specific areas of common interest:

- ❑ British Columbia Treaty Commission (BCTC) – BCTC is a process for negotiation of treaties which includes Canada, British Columbia, and 51 First Nations



- ❑ Joint Economic Development Initiative (JEDI) – JEDI is a co-operative partnership between federal, provincial and First Nation governments and the private sector with a strategic focus on developing economic opportunities in New Brunswick
- ❑ Northwest Territories Constitutional Working Group (CWG) – CWG involving the Aboriginal Summit, the Government of the Northwest Territories and DIAND participating in the development of a constitution and structure for western governance

Participation of Aboriginal people in the design and delivery of programs: Building on the partnership framework set by *Gathering Strength* and the RCAP Report, the department reached agreement with the Assembly of First Nations on an Agenda for Action with First Nations. At the core of the agenda are four objectives which parallel those of *Gathering Strength*:

- ❑ Renewing the partnership
- ❑ Recognizing and strengthening First Nation governments
- ❑ Establishing and maintaining equitable and sustainable fiscal relationships
- ❑ Supporting stronger First Nation communities, people and economies

The agenda acknowledges errors of the past and takes action to address the legacies of those errors, including establishing mechanisms to recognize First Nations as governments and as partners working with the federal government to identify priorities. It also sets out how First Nations and the Government of Canada may jointly address those priorities with identified resources and determined efforts. We have developed a new partnership strategy for economic development. The federal government and First Nations will also work with other levels of government, the private sector, and non-profit organizations and other partners, as appropriate, to design and implement initiatives under the Agenda for Action with First Nations. This agenda will be further developed with First Nations and federal departments; for example, the fiscal and financial resources required from Canada to implement, and identify possible changes in government organization and other structural requirements will be reviewed. Joint targets and measures for monitoring progress will also be developed.

How Does This Achieve Value for Money?

The initial steps have been taken to bring about meaningful and lasting change in our relationships with Aboriginal people. The Aboriginal Healing Foundation has been established and funded. Agreement was reached with the Assembly of First Nations on an agenda that addresses the basic elements for a new relationship with First Nations, and progress was made in expanding partnerships with provincial and territorial governments.

***Gathering Strength* is a long-term strategy which also focusses on short-term results**



Priority: Strengthened Aboriginal Governance

The ultimate outcome of achieving and implementing negotiated self-government agreements will be strengthened Indian and Inuit governments that are accountable to their members, with the jurisdictional authorities and other attributes of governance necessary to effectively govern their communities and manage their relationships with other levels of government.

What Are Our Key Objectives and Strategies?

The Government of Canada is committed to attaining modern Aboriginal governance arrangements, including those that build on historic treaty relationships with First Nations. To achieve this, we are working with First Nation leaders to develop modern governance regimes that have the capacity, size, resources, and legitimacy to provide effective governance over their members and territories. At the same time, we are working in partnership to clearly define jurisdictions, responsibilities, and authorities that are to be exercised in a manner coordinated with other governments; to increase access to lands and resources; to ensure effective stewardship of existing and new land bases; and to increase the capacity of First Nation governments.

DIAND is negotiating over 80 self-government agreements in various stages of development, representing over half of the First Nation and Inuit communities.

The department will focus on providing the support Aboriginal people need to help them increase their capacity to govern themselves. DIAND will work with First Nation leaders to create structures and to help First Nations equip themselves through professional development programs. DIAND will work with First Nations and Inuit to strengthen their governance capacity. Steps in this process include the commemoration of historic and numbered treaties; the

development of a framework of principles to guide jurisdictional and intergovernmental relations; and support for co-management of lands and resources.

At the same time, the department's Lands and Trust Services (LTS), which is responsible for administering approximately 80 percent of the *Indian Act*, is working with First Nations across the country to tailor our services to better serve First Nation communities, enter into co-management arrangements with First Nations, and transfer the administration and responsibility of LTS business to First Nations.



What Environmental Factors Could Influence Performance?

The inherent right policy represented a fundamental shift in the legal and constitutional thinking about self-government. RCAP challenged us and First Nations and Inuit people to go further and examine other attributes of good governance, such as legitimacy, power, and resources. It also challenged us and First Nations to examine how to rebuild Aboriginal nations with the governance capacity to exercise jurisdiction beyond the local community level and effectively deliver programs and services to their citizens.

Part of the challenge of strengthening Aboriginal governance is to avoid the temptation to approach it from a political science point of view. As such, strengthening governance must integrate other elements of the agenda, such as fiscal arrangements; economic development; service delivery and policy and program redesign; access to and development of lands and resources; membership, registration, and other LTS functions; accountability methodologies and mechanisms; and capacity-building.

Self-government is more than a technical abstraction; it must incorporate not only the theory of good governance, but also the day-to-day activities that are the basis of governance.

What Did We Promise to Achieve in 1997–98?

- Progress in self-government negotiations
- Improvement in First Nation capacity for self-government
- Implementation of professional development strategies in law-making, environmental stewardship, land and resource management, and community support
- Forums for exploratory treaty discussions
- Devolution of federal responsibilities

What Did We Accomplish in 1997–98?

Progress in self-government negotiations:

- Initialled agreements-in-principle (AIP) on self-government with two groups: the United Anishnaabe Councils (UAC) in Ontario and Westbank First Nation in British Columbia
- Made significant progress in self-government negotiations leading to an AIP with four groups: the Inuvialuit-Gwich'in in the Northwest Territories, Kahnawake in Quebec, Meadow Lake Tribal Council in Saskatchewan, and Sioux Valley First Nation in Manitoba
- Made significant progress towards a constitutionally protected final self-government agreement with the Council of Yukon First Nations and the Yukon Territorial Government
- Signed a Framework Agreement on an Agenda and Process to negotiate an AIP on self-government with the Grand Council Treaty 3 in Ontario and began discussions on the AIP
- Negotiated and initialled a Process and Schedule Agreement with Deline First Nation in the Northwest Territories
- Initiated discussions with the Federation of Saskatchewan Indians (FSIN) to establish a negotiation process on governance issues



Improvement in First Nations capacity for self-government: LTS supports the move of First Nations to self-government and provides them with capacity development, which includes training First Nations to take over various activities.

- 314 First Nations now conduct their elections under custom laws rather than under the *Indian Act*
- The Peace Hill Trust Company was appointed to administer trust moneys for Samson First Nation minors
- 527 First Nations administer the Indian Registry Administration Program
- 139 First Nations were funded to manage their land under the delegation and administration programs

Implementation of professional development strategies in law-making, environmental stewardship, land and resource management, and community support: The First Nation Land Management Training Program provides First Nations with the required knowledge to take over the administration of their lands. This eight-month program looks at land management, leasing, surveys, appraisals, environmental assessments, and natural resources. Each participant must successfully complete all exams to graduate from this program.

- 60 First Nations representatives graduated from the Lands Management Training Program
- Managed over 30,000 land transactions and generated over \$30 million in lease and permit revenues

Forums for exploratory treaty discussions: The exploratory treaty discussions were initiated in 1995 to develop mutually acceptable methods to interpret the treaties in contemporary terms while giving full recognition to their original spirit and intent. While some of the treaty discussions taking place in 1997–98 are still in the early stages, the positive response indicates that these initiatives are critical steps toward affirming the importance of the historic treaties and developing as forward-looking and integrated approach leading to self-government. Accomplishments in 1997–98 include the exploratory treaty discussions with: Federation of Saskatchewan Indian Nations (FSIN); Treaty 7 Tribal Council; Confederacy of Treaty 6 First Nations; Treaty 8 Alberta; and discussions are taking place with the Atlantic Policy Congress to establish a treaty process.

Devolution of federal responsibilities: In the spirit of *Gathering Strength*, LTS has embarked on a process to work in partnership with the Assembly of First Nations (AFN). In consultation with First Nation representatives from across the country, various experts, and departmental employees, LTS is addressing three issues immediately: Additions to Reserves, Membership, and Elections.



Long-term performance will be measured by the number of First Nations that participate in this initiative, the success of pilot projects (i.e., new co-management arrangements), and the rate of transfer of functions and responsibilities. Accomplishments in 1997–98 include:

- ❑ establishment of a relationship with the AFN and a joint initiative to deal with LTS issues;
- ❑ the development of an LTS Sectoral Plan to liaise between AFN and various LTS directorates and regional offices;
- ❑ the establishment of a Joint Technical Committee chaired by the Assistant Deputy Minister, LTS, and the Vice-Chief of Ontario;
- ❑ the unanimous passage of an interim resolution at the AFN Confederacy of Nations in March;
- ❑ the start of research by the AFN into the implications of the Sector Plan on the fiduciary relationship of the government to Aboriginal peoples.

How Does This Achieve Value for Money?

The focus of negotiations for self-government has increasingly broadened to include not only a discussion of the powers that a First Nation or Inuit government would have, but how those powers can most practically be exercised and supported; that is, what the governance and fiscal arrangements would be. In addition, LTS activities provide a unique and practical means for First Nations to influence the way we do business and if they so wish, to administer LTS functions at a pace and capacity suitable to them, and in a manner most appropriate and effective for their individual communities. LTS activities also support the move of First Nations to self-government and provides capacity development through training programs to First Nations wishing to take over various activities of the department.

Self-government negotiations are now more comprehensive in their attention to the three elements of good government highlighted in *Seven Generations: The Report of the Royal Commission on Aboriginal Peoples*: legitimacy, power, and financial resources.

Investments in First Nation lands have resulted in rental revenues, increased income, and tax revenues for First Nations.



Priority: A New, Stable Fiscal Relationship

The ultimate outcome of efforts by First Nations and DIAND to achieve a new fiscal relationship and strengthen accountability will be government-to-government fiscal transfers which provide more stable funding, integrate own-source revenues and taxation with strong information systems, and enhance local accountability based on the principles of transparency, disclosure, and redress that are common to other governments in Canada and that reflect First Nation traditions.

What Are Our Key Objectives and Strategies?

The Government of Canada is committed to a stable fiscal relationship with Aboriginal people, based on transfer models that are transparent, provide more stable and predictable financing, that support the maximization of internal generation of own-source revenues, and that support the accountability of First Nation governments and institutions to their members.

The department has been working closely with First Nation organizations and other government departments to develop principles, concepts, and models for the principal components of a government-to-government transfer system that will include funding, own-source revenue, information exchange, and accountability. Discussions about fiscal relations have been integrated with self-government negotiations at a number of existing tables, and regional fiscal relations tables are being established. Planning for the development of a national fiscal table began as a means of implementing the *Agenda for Action with First Nations* with the AFN. Policy work was initiated which, when complete, will allow for some consistency in developing new fiscal relationships with Aboriginal governments.

The funding arrangements used day-to-day will continue to evolve in a direction that provides First Nations with increasing decision-making authority over programs and funds, and will emphasize local accountability for local decision making.

This process continues to provide a valuable opportunity for First Nations to gain experience with the general oversight and support of the department. Management and accountability frameworks continue to be strengthened to meet pragmatic needs. They also offer valuable insights into the long-term fiscal relations process.

With *Gathering Strength*, an increased emphasis is being placed on the development of First Nations institutions and human resources. This will serve short-term and long-term needs.



What Environmental Factors Could Influence Performance?

Discussions concerning own-source revenue will have to factor in the relatively low level of economic development in First Nation communities, meaning that the federal government will continue to be the major provider of funds to First Nation governments for some time to come.

All levels of government are faced with fiscal restraint and an increasing focus on accountability. These factors, among others, will influence the direction of self-government initiatives and in particular the development of the fiscal relationship.

Public perception of First Nations' government and management will continue to be influenced by negative incidents reported in the media. In such instances First Nations are recognizing the importance of presenting their perspective to counter the stereotypes which are destructive to their relationships with the public. They are increasingly recognizing the importance of articulating an accountability framework that is responsive to community needs and which seeks to establish credibility with the Canadian public.

What Did We Promise to Achieve in 1997–98?

- The establishment of fiscal transfer models that support
 - a government-to-government approach;
 - own-source revenues and taxation;
 - standard financial reporting requirements;
 - strong accountability; and
 - information exchange.

What Did We Accomplish in 1997–98?

A government-to-government approach: The main principles affecting a new fiscal relationship have been developed and discussed extensively with First Nations organizations. In August 1997 a tripartite Memorandum of Understanding to establish a Fiscal Relations Table in Saskatchewan was signed by the Minister of Indian Affairs and Northern Development, Saskatchewan's Minister of Intergovernmental and Aboriginal Affairs and the Chief of the Federation of Saskatchewan Indian Nations. The three parties have had a number of meetings, and considerable progress has been made through the main table and data and accountability working groups.

Own-source revenues and taxation: Research papers were prepared on the topics of own-source revenue and international experiences vis-à-vis fiscal relationships.



Standard financial reporting requirements: Financial audits are important accountability tools for First Nations. Over the years, First Nations have significantly improved their financial management systems and timeliness of reporting. Sixty-one percent of audits are now received within 120 days of fiscal year-end, compared with only 51 percent in 1993–94 (see Figure 9).

Since 1984–85, the proportion of First Nations’ financial audits receiving a clear (unqualified) audit opinion from an independent and accredited auditor increased from 57 percent to 83 percent (see Figure 10). Furthermore, these audits are being prepared and disclosed to both community members and the federal government in a more timely manner.

Figure 9

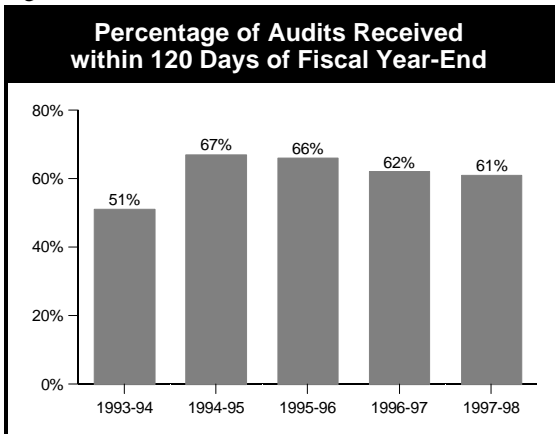
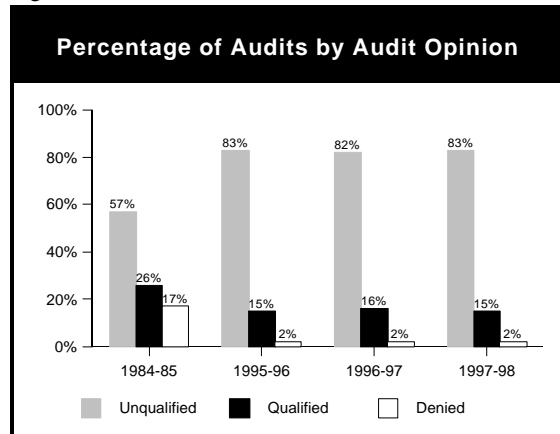


Figure 10



DIAND reviews all audits submitted by First Nations. In most cases, audits meet the department’s requirements. Four out of five audits need no further action (see Figure 11). In some cases, however, the audit reveal problems, for example, a First Nation may be carrying too much debt (First Nations use credit, mostly for housing and economic development purposes). If an audit signals a problem, the department requires a recipient managed remedial management plan (RMP). In 42 instances, DIAND has required a co-management agreement or a third-party manager to deal with serious problems (see Figure 12).

Figure 11

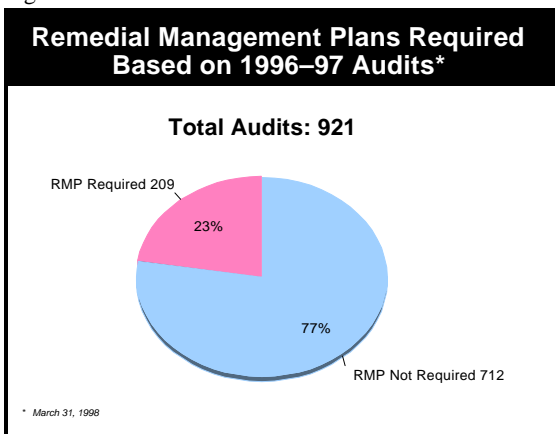
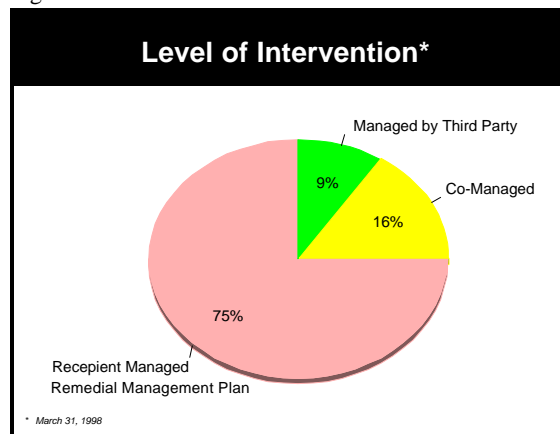


Figure 12





First Nations continued into their second year of introducing the new recommendations of the Public Sector Accounting and Auditing Board (PSAAB) of the Canadian Institute of Chartered Accountants (CICA). These standards improve financial reporting for non-commercial entities and have impacted on the quality of audit opinion and timeliness of audits. The federal and provincial governments are currently implementing these standards with municipal governments expected to follow.

In October 1997, for the first time, First Nations senior financial officers were brought together with representatives of the accounting industry and PSAAB in order to discuss how procedures used by First Nations could be recognized within Canadian accounting standards and how their needs could be considered with other governments, as these standards evolve.

On March 30, 1998, a Memorandum of Understanding (MOU) was signed between the AFN and the Certified General Accountants' Association of Canada to complete the accounting research necessary to support such change. However, the primary focus of the MOU is on increasing professional development opportunities for First Nations and improving community financial reporting. This is the largest initiative of its kind ever undertaken and is being supported as part of *Gathering Strength*.

Strong accountability: All 1997–98 funding arrangements contained a new accountability framework which emphasizes local accountability for local decision-making and addresses major risk issues. The framework is based on principles and key mechanisms common to governments in Canada but is broadly enough stated to permit each First Nation to apply the principles within the context of its culture and situation. To assist in their application, First Nations are completing management and accountability assessments and developing plans of action to address areas of weakness. Sharing of best practices is continuing.

Information exchange: An Interdepartmental Task Force on Fiscal Relations was formed under the leadership of the department. This has facilitated coordination among those departments that have a fiscal relationship with Aboriginal groups and has enabled policy issues to be discussed with all affected departments.

How Does This Achieve Value for Money?

New fiscal relationships will take time to develop but in the final analysis will lead to more stable and predictable funding sources for First Nations and to increasingly self-reliant Aboriginal governments in the long-term. It will support the effective delivery of services, public confidence in the operation of government, greater stability, and effective use of financial resources.

The building of strong accountability frameworks is essential to the management of funds in the short and long-term.



Priority: Strong Communities, People, and Economies

The ultimate outcome of supporting strong communities, people, and economies is to achieve healthy, self-reliant, and independent communities.

What Are Our Key Objectives and Strategies?

We are working with First Nation and Inuit people, other governments, and the private sector to increase self-reliance and economic development opportunities through a focus on improving health and public safety; strengthening economic development and opportunity; and investing in people. An overriding objective is to employ approaches that strengthen the capacity of Aboriginal people and organizations to design and deliver programs and services to meet the needs of Aboriginal people.

The department remains committed to assisting First Nations to improve living conditions on reserve.

The focus will be on funding the construction, operation, updating, and maintenance of such basic community facilities such as water and sewage systems, roads, electricity, schools, community buildings, and fire protection services, and to remediate priority contaminated sites on reserves. Funding will also be provided to help First Nations address the basic shelter needs of residents.

Economic development needs to be a central focus of all our activities. More work is needed to enable Aboriginal entrepreneurs to take advantage of market opportunities provided outside their local areas and to offset the disadvantages of rural and remote locations. We are working with Aboriginal organizations and businesses, other federal departments, the provinces and the private sector to improve access to capital and to develop partnership strategies to increase opportunities for jobs and business growth. Education and training opportunities will remain critically important in the drive to stimulate First Nations' economic growth and their access to nearby jobs which, in turn, will reduce dependency on social assistance.

We will continue our work with First Nations and Inuit to pursue alternative ways to use social assistance funding to reduce dependency on the social system. In addition, DIAND will continue to invest in individual First Nation and Inuit people, especially women and children. Particular emphasis will be placed on education reform and youth employment strategies, as well as Aboriginal women's groups. Focus will also be placed on raising awareness of the Procurement Strategy for Aboriginal Business and encouraging Aboriginal businesses to pursue contract opportunities with the federal government.



To meet its educational objectives under Stronger Communities, People, and Economies, the department will work in partnership with First Nations on a series of educational reforms to improve educational achievement among First Nation students. This will be attained by enabling First Nations to improve education programming and to strengthen the governance structure of their educational systems.

The initiative will support regional First Nation education reform initiatives that are consistent with broad priorities agreed to with the AFN Chiefs' Committee on Education (CCOE). These priorities include strengthening First Nation education management and governance capacity; improving the effectiveness of classroom instruction; supporting community and parental involvement with schools; and aiding the school to work transition.

Since 1996–97, DIAND has been working with First Nations and Inuit communities and organizations to implement the First Nations and Inuit Youth Employment Strategy, one component of the federal government Youth Employment Strategy (YES). Also, DIAND has established with the AFN and the Inuit Tapirisat of Canada a national working committee to ensure the successful implementation of the current strategy, as well as options for a potential renewal of the strategy.

DIAND is working with other federal departments to enhance access to capital, improve program integration, provide skills training and work experiences, assist Aboriginal businesses, and access resources so that First Nations and Inuit can take advantage of economic development opportunities. The new Opportunity Fund and Resource Acquisition Initiative will help communities establish new businesses.

More than half of the RCAP recommendations involve the provinces. In light of this, the federal government recognizes the need to proceed in partnership with provinces, Aboriginal people, and others to address the significant needs of Aboriginal people.

By working together we will maximize the benefits of available resources. Pragmatic and innovative solutions are needed.

What Environmental Factors Could Influence Performance?

Despite the considerable progress that has been made in recent years, many First Nation and Inuit communities remain among the most disadvantaged groups in Canada. For instance, unemployment on reserve is about 29 percent – nearly three times the Canadian rate of 10 percent; social dependency is 46 percent – several times the Canadian rate; infant mortality is twice the Canadian rate; life expectancy is about nine years less for Status Indians living on reserve as compared to the Canadian population as a whole; 22 percent of houses on reserve are overcrowded; educational attainment is about 60 percent of the Canadian rate – 37 percent of Status Indians who live on reserve have more than a high school education compared to 65 percent of the Canadian population as a whole.



The nature of conditions in Aboriginal communities demands investment — not only fiscal investment, but new policies, new programs, and new approaches for achieving good and lasting results. The agenda for this theme emphasizes structural change, supports program design and delivery at the regional level and a horizontal approach across government, and ensures that priorities and initiatives are developed in partnership with regions and First Nations.

Meaningful and lasting change will not be achieved overnight. Sustainable progress requires a commitment from the federal government, provinces, private sector, and First Nations.

The challenge now is to implement *Gathering Strength*, to achieve meaningful results on the broad range of initiatives which have been launched, and to successfully manage the agenda in partnership with First Nations and through effective horizontal coordination and integration of federal activities.

What Did We Promise to Achieve in 1997–98?

- Reforms to the income security system
- Support for Aboriginal children
- A new Partnering Strategy for Aboriginal Economic Development
- Improved quality of First Nation education systems and graduation rates
- Support for basic services including education and social development
- Better level of health and public safety standards and the remediation of priority contaminated sites on reserves

What Did We Accomplish in 1997–98?

Reforms to the income security system: DIAND established a strong partnership with First Nations through the Assembly of First Nations at the national level to work jointly on developing a new policy framework for welfare over the next two years. DIAND is also partnering with First Nations at the regional and community level to undertake demonstration projects that will inform the policy development over the next two years.

Support to Aboriginal children: DIAND worked with First Nations to ensure smooth implementation of the National Child Benefit (NCB) and the development of reinvestment plans for the accrued savings. Implementation of the NCB began in July 1998.

A new partnering strategy for Aboriginal economic development: The development of a new partnering strategy for the federal government leads to new opportunities in supporting Aboriginal self-reliance and business development, focusing on access to capital and markets and promoting an environment for business and job growth.



Under the Procurement Strategy for Aboriginal Business, government departments and agencies aimed to award contracts totalling approximately \$49 million to Aboriginal firms. Preliminary reports indicate that this target has been exceeded, with over \$75 million-worth of contracts awarded to Aboriginal companies during calendar year 1997. Final figures should be available when all departments complete their contract reporting requirements (September 1998).

In 1997–98, the Opportunity Fund which supports community-based businesses, was nearly doubled in size to \$4.3 million, providing funding to over 20 businesses which resulted in some 1,700 direct and indirect jobs. It leveraged additional finance, mostly from commercial sources at a ratio of 15 to 1. Similarly, the Resource Acquisition Program was expanded, providing more assistance to First Nations and Inuit in their negotiations to have access to land and resources.

DIAND's Minister chaired an important meeting of Aboriginal leaders and financial services representatives to look at issues relating to access to capital. Since this round-table a number of initiatives have been established working with the financial sector and Aboriginal institutions.

The Partnering Strategy is an important step in moving forward on an ambitious agenda. Implementation will continue throughout 1998–99 and we will report on progress and early results in the next fiscal year.

Improved quality of First Nation education systems and graduation rates: Great strides have been made in the past few years to establish First Nations control of education within their communities. For example, in 1997–98, legislation (the *Mi'kmaq Education Act*) was passed that transferred jurisdiction over elementary and secondary education to nine Mi'kmaq communities in Nova Scotia. The legislation will enable the Mi'kmaq to develop education systems and institutions to preserve and respect the values and traditions of Mi'kmaq culture.

In addition, more First Nations students are completing high school and are continuing with post-secondary education, although educational attainment for First Nations lags behind national averages but has been improving (see Figures 13 and 14).

Figure 13

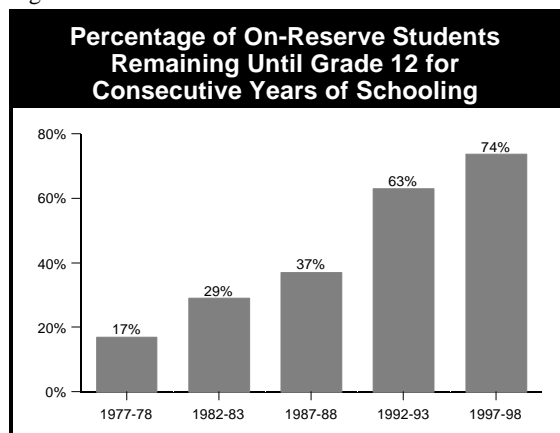
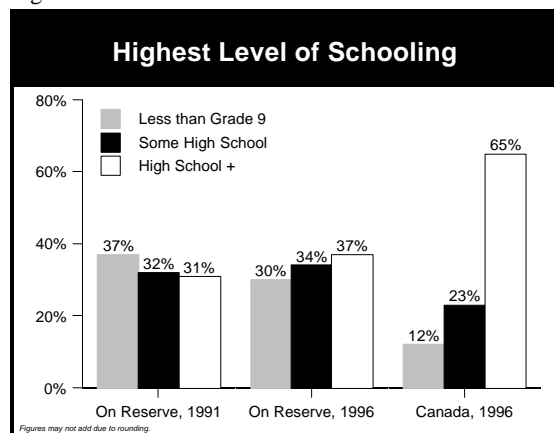


Figure 14





Overall, 448 band-operated schools existed in 1997–98 compared with 262 in 1987–88 (see Figure 15).

Since 1987–88, investments in the post-secondary education budget have increased from \$109 million to \$274 million (see Figure 16). Enrolment of First Nation students has risen from 14,242 in 1987–88 to approximately 27,100 in 1997–98. Employment figures for on-reserve Status Indians are substantially higher for post-secondary graduates — 79.2 percent — than for high school graduates — 41.7 percent (see Figure 17).

The benefits of education reach beyond employment opportunities — these graduates, with new skills, trades, and abilities, are valued assets to their communities.

Figure 15

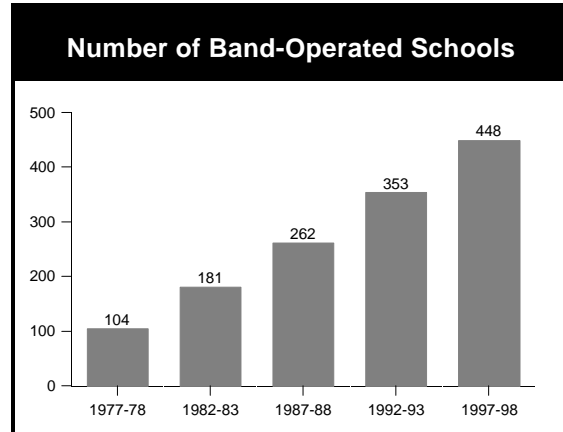


Figure 16

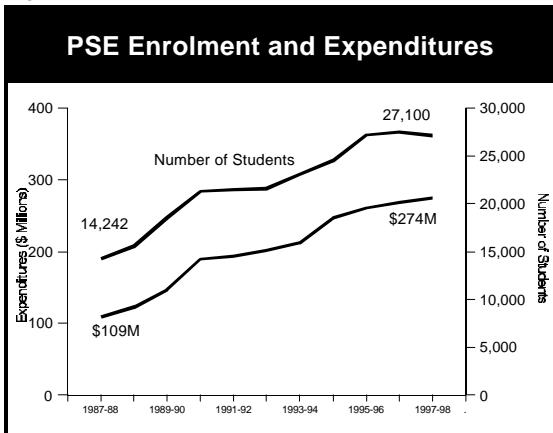
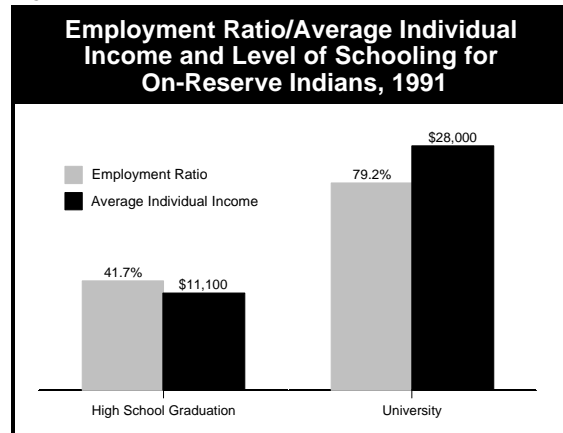


Figure 17



Between 1981 and 1996, the proportion of Aboriginal people aged 20 to 29 with a post-secondary degree or diploma improved from 19 percent to 23 percent, while the proportion with a university degree or certificate increased from three percent to four percent. During the same period, the proportion of the Aboriginal population with less than high school improved, dropping from 59 percent to 45 percent.

First Nation and Inuit Youth Employment Strategy (YES): The YES was first introduced in 1996–97, with a budget of \$10 million for three programs: summer career placement, science and technology camps, and co-operative education in First Nations schools. These three programs continued in 1997–98, with increased budgets, and DIAND introduced two new programs (work experience and youth business) for a total of \$24 million per year for 1997–98 and 1998–99.

During 1997–98, more than 15,000 First Nations and Inuit youth benefitted from the programs, and approximately 130 schools implemented or expanded a cooperative education program. It is expected that the three-year initiative will have assisted more than 36,000 First Nation and Inuit youth.



To foster a successful implementation of the programs, DIAND funded a series of national projects, such as, a national conference of First Nation schools involved in the Cooperative Education Program, and the development of a resource book on how to organize a science camp. DIAND also established with the Inuit Tapirisat of Canada and the AFN a national working committee to support the implementation of the strategy, to discuss youth issues and identify possible action to be taken to address them, and to provide advice and recommendations on the future of DIAND's youth programming within the context of the federal YES.

During 1997–98, **DIAND's Departmental Audit and Evaluation Branch completed an interim evaluation of the YES**, focussing on the initial year of the strategy's implementation and its short term impacts. The initial implementation of the strategy was viewed to be very successful. The strategy positively impacted participating youths by helping them acquire experience in various fields, increasing self-esteem and promoting a desire to stay-in-school. Suggestions to develop programs for both out-of-school and unemployed youth have been addressed by adding two new programs to the renewed strategy. Following the recommendations of the review, an Action Plan has been prepared focussing on capacity building among First Nations and Inuit organizations implementing the strategy, resource allocation for program administration purposes, and reporting practices.

Support for basic services, including education and social development: In 1997–98, the number of First Nation students attending elementary and secondary schools rose to 99,729, 58.5 percent of these were in band-managed schools on reserve. Figure 18 shows continued growth in the number of elementary and secondary students and Figure 19 shows the impact on band schools.

Figure 18

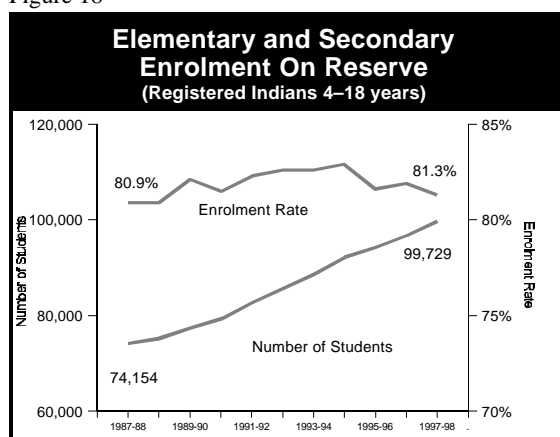
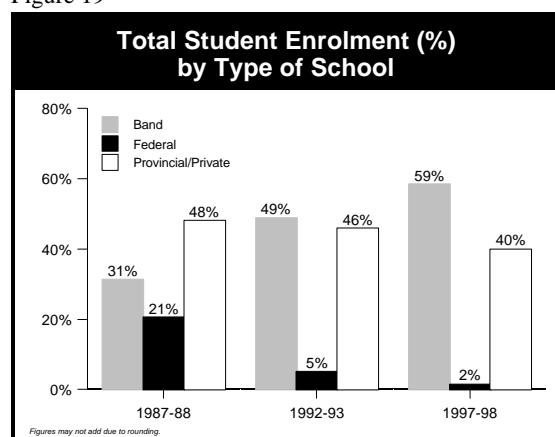


Figure 19



Social Development: The shifting demographics of the on-reserve population continued to place stress on the social services budget. In 1997–98, an average of 120,593 family members and 38,070 single individuals (total average of 158,663 beneficiaries) depended on social assistance each month for much of their income. The department with First Nations is pursuing alternative ways to use social assistance funding to reduce dependency on the social system.



In 1997–98, the number of First Nation child and family services agencies established to serve the on-reserve population increased by 12 to 79. Another 36 organizations are still in development. In addition, in 1997–98, funding was allocated to support 655 First Nation people residing in institutions and to provide in-home care for 7,068 individuals in 530 First Nation communities. Also, 1,382 families, 3,692 persons and 186 bands received services from women’s emergency shelters located on reserve. Plans were announced to add 10 new women’s emergency shelters to the 20 existing shelters already in operation on reserve. For the additional emergency shelters, Canada Mortgage and Housing Corporation provided the necessary capital funding, and DIAND committed to provide ongoing operational funding.

Better level of health and public safety standards: Although substantial progress has been made, overall performance is overshadowed by the tremendous gaps in socio-economic conditions on reserve compared with conditions enjoyed by most Canadians. In 1997–98, the department met its commitments to improve living conditions on reserve in the areas of housing and infrastructure in the following ways.

Housing: During 1997-98, the department introduced a new Housing Policy based on four key elements — First Nation control, development of local capacity, shared responsibility, and improved access to sources of private capital. This new policy is expected to both improve the condition of on-reserve housing and spur economic development and job opportunities on the reserves. To accelerate progress in the implementation of the new on-reserve housing policy the department added \$20 million to the budget for housing. In 1997–98, an additional 62 First Nations developed community-based housing proposals and received additional funds under the new on-reserve housing policy.

The percentage of adequate houses on reserve increased from 52 percent in 1996–97 to 54 percent in 1997–98, up from 46 percent in 1991–92 (see Figure 20). In 1997–98, 2,795 housing units were completed and 2,870 were renovated. Overcrowding continues to be a problem (see Figure 21). It jeopardizes the health and safety of individuals and families and is responsible for many of the social problems on reserve.

Figure 20

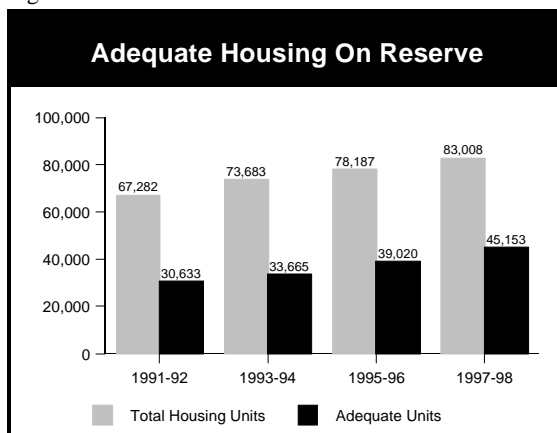
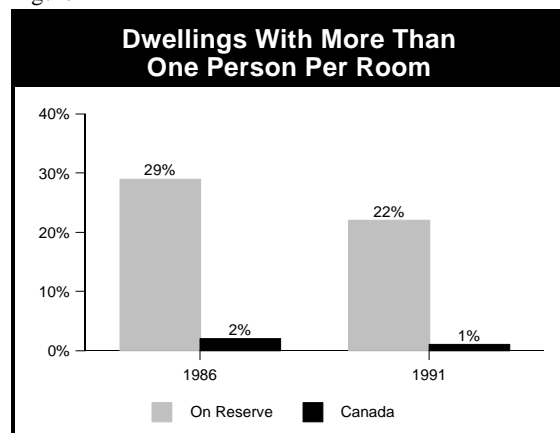


Figure 21





Infrastructure: In 1997–98, the repair and construction of community water distribution and sewage disposal essential to health and safety continued at an accelerated pace: the department reallocated an additional \$100 million to continue the urgent upgrading of water and sewer facilities identified in the 1995 joint DIAND/Health Canada study. In 1997–98, 97 percent of houses had water delivery, and 93 percent had sewage disposal systems, up from 82 percent and 72 percent respectively in 1987–88 (see Figure 22). In addition, progress was maintained in the funding of on-reserve roads and the addition of on-reserve school space, which increased to 815,137 m² in 1997–98 (see Figure 23).

Figure 22

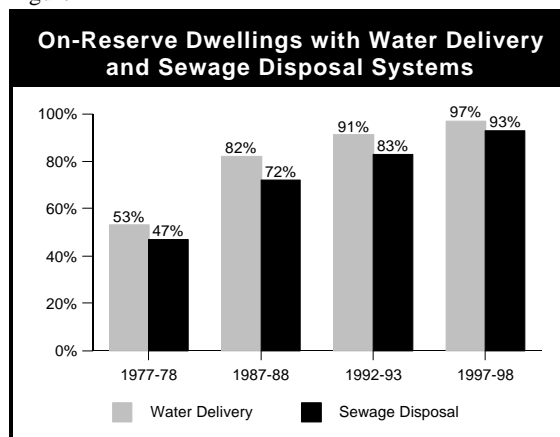
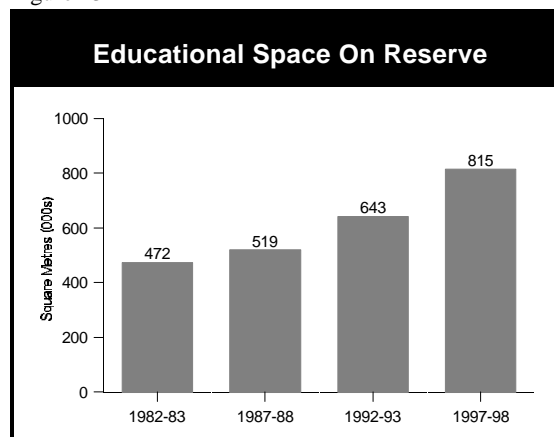


Figure 23



In 1997-98, DIAND completed an **audit of the Capital Projects and Operating and Maintenance Funding Management Regimes**. This project examined the Capital Projects and Operating and Maintenance (O&M) Funding Management Regimes in all regions (except the Northwest Territories) in order to assess specific procedures related to risk assessment; value-for-money; project delivery; assurance of adequate maintenance; and, compliance with departmental requirements in the planning, implementation, and evaluation of capital projects. An Action Plan based upon the audit's recommendations is being implemented to improve overall departmental compliance, monitoring, and distribution of funds. In particular, the department has taken steps to ensure that First Nations funded by DIAND be required to complete an assessment of their accountability and management systems to ensure two-way accountability. Where weaknesses are identified, a development plan will be required from First Nations to strengthen management controls and accountability.

In addition, in 1997–98, **the Office of the Auditor General completed an audit which followed up on the recommendations stemming from the Auditor General's 1995 audit which examined the funding and delivery of capital and maintenance projects on reserve**. The 1995 audit recommendations included identifying the mandate and objective of the activity; reviewing the funding allocation framework; assessing risk management in the evolving role of the department; analyzing project files; and examining accountability for results. DIAND developed an action plan to resolve these issues. At the end of fiscal year 1997–98, the follow-up audit found that implementation of the first recommendation was under way and the remaining recommendations had been completed.



Indian Government Support: Indian Government Support provides financial subsidies to First Nations to help pay for the overhead costs associated with providing municipal-type services to communities. These costs include salaries and benefits to First Nations administrative staff; travel and training expenses; office rental expenses and common services for First Nation employees delivering services funded by the department; honoraria to elected officials; and private pension plans and other benefits. DIAND also funds the salaries and other costs associated with the provision of advisory services by band councils to their member First Nations.

In 1997–98, 631 band or community councils provided services to various communities. As well, 80 tribal councils provided advisory and other services to 512 affiliated member First Nations and their communities. Nationally, 484 pension plans were funded in 1997–98.

In 1997–98, **DIAND's Audit and Evaluation Branch completed an evaluation of the department's Tribal Council Policy.** This policy was designed to encourage the move toward self-government and to expand opportunities in Aboriginal communities through devolution of services. The evaluation was conducted in order to determine whether the policy is operating as designed. It concluded that there is continued rationale for the Tribal Council Policy, and that it is widely supported. In addition, the policy has encouraged innovation, and many councils now carry out responsibilities beyond what the department funds, thus creating additional opportunities. As a result of the audit and evaluation, action plans have been prepared to give Tribal Councils increased management flexibility so that they may better meet the priorities of their member First Nations. The action plans are also meant to strengthen policy implementation, while enhancing accountability and reporting mechanisms, so that communities fully benefit.

Remediation of priority contaminated sites on reserves: Approximately 2,500 environmental issues were identified and investigated on reserves and \$16.5 million was invested in assessment and priority site remediation.

How Does This Achieve Value for Money?

Investments in Canada's Aboriginal Action Plan will provide First Nations with the tools and the capacity necessary to be self-governing and increasingly self-sufficient, and create businesses and employment opportunities.

Investments to create strong communities, people, and economies help to ensure that First Nations governments can provide their communities with basic services such as education, schools, infrastructure and social support similar to those provided to all other Canadians by provincial, municipal, and territorial governments.

These investments will contribute to the overall health and well-being of the on-reserve population and should, over time, result in reduced health and other social expenditures by the federal government.



Claims

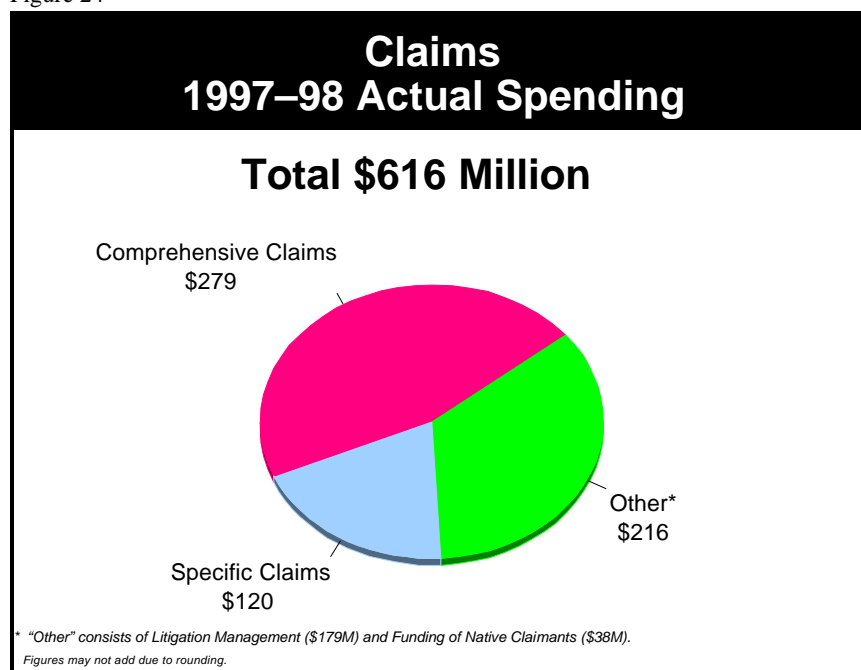
| How Much Did It Cost? | |
|--------------------------|----------------------|
| Claims | |
| Planned Spending | \$367,269,000 |
| <i>Total Authorities</i> | <i>\$616,752,621</i> |
| 1997–98 Actuals | \$615,662,604 |

Explanation of Variance

The variance of approximately \$249 million between planned spending and total authorities is primarily attributable to the following major items: a court judgement on the Apsassin case (\$147 million); settlement of Manitoba treaty land entitlements (\$36 million); settlement with Norway House First Nation in Manitoba (\$20 million); increased litigation management costs (\$16 million); and, a grant to the James Bay Cree to fulfil obligations under the James Bay and Northern Quebec Agreement (\$15 million); and, out of court settlements (\$13 million).

Figure 24 shows how the Claims expenditures of \$615.7 million were allocated in 1997–98.

Figure 24





Why Are We in the Business?

The objective of the claims business line is to achieve negotiated settlements of Aboriginal land claims. Such settlements resolve outstanding historical grievances, establish certainty regarding 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 through which the Aboriginal people who are affected start to regain control of their destiny. Claims settlements provide a land base and financial package which establish a solid basis, and are consistent with 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.

Priority: Negotiated Claims Settlements

The ultimate outcome of the claims process is the establishment of certainty with respect to Aboriginal rights, land title, access to land and resources, and the resolution of outstanding grievances. This will create a climate that fosters economic development, and avoids costly and time-consuming litigation. The achievement of negotiated settlements also provides the land base and resources necessary for meaningful self-government and reduced dependence on other levels of government.

What Are Our Key Objectives and Strategies?

The department will negotiate comprehensive and specific claims settlements. Under **comprehensive claims**, the department will continue negotiating and implementing modern treaties. These treaties provide clarity, certainty and constitutional protection with respect to Aboriginal rights and title to land and resources. Typically, self-government agreements are negotiated at the same time as comprehensive claims agreements. **Specific claims** address historical grievances arising out of non-fulfilment of Indian treaties and other lawful obligations, or the improper administration of lands and other assets under the *Indian Act* or formal agreements. **Research and assessment** manages grievances that do not fit within existing policies.

As part of the *Gathering Strength* initiative, the department, in collaboration with the Assembly of First Nations, will finalize a review process that includes the development of criteria to assess specific claims and the use of an independent body to apply these criteria.



In mid 1996–97, the Specific Claims Branch (SCB) staffed a Special Projects Directorate to work on the commitments put forth in *Creating Opportunity – The Liberal Plan for Canada* and *Securing Our Future Together – The Liberal Plan – 1997* (more commonly known as Red Books I and II) to undertake a review of the government’s Specific Claims Policy and to establish an Independent Claims Body (ICB). A Joint Task Force (JTF) composed of DIAND, the Department of Justice and the AFN worked to adjust the Specific Claims Policy to more accurately reflect the evolving specific claims jurisprudence. It also produced a proposal that an independent specific claims body to be established under its own legislation. *Gathering Strength* reaffirmed the government’s commitment to establish an ICB in partnership with First Nation representatives.

This initiative should greatly improve the efficiency and operational costs of settling specific claims by First Nations. It should also remove the perception by being both defendant and judge and jury with respect to these claims, the Government of Canada is in a conflict of interest.

The resources dedicated to date in the JTF process have been good investments because the process may lead to more timely, fair, and equitable settlements of First Nations’ claims and to a period of greater certainty for other Canadians.

The SCB is working in partnership with AFN representatives through a JTF to provide recommendations on the appropriate scope, mandate, authority, and jurisdiction of the ICB. The JTF has adopted an interest-based approach to policy development, which has resulted in unprecedented good will, trust, and respect among the parties which is expected to result in a consensus proposal to be considered in the 1998–99 fiscal year.

What Environmental Factors Could Influence Performance?

As always, the courts have a significant effect on Aboriginal issues. The Delgamuukw decision by the Supreme Court of Canada with respect to Aboriginal title will profoundly affect not only the British Columbia treaty process, but also the way in which Aboriginal title is viewed and dealt with generally. The Peter Paul decision in New Brunswick has a very significant impact not only on forestry in that province, but on general relations with Aboriginal people in

New Brunswick and elsewhere. A number of other large ramification decisions are expected to be rendered in the foreseeable future.

Aboriginal policy is never static. Even in the few months since the development and launch of *Gathering Strength*, significant developments have occurred that affect the nature of the agenda and the way in which it will be implemented.

The challenge for DIAND, First Nations and other parties is to learn how to deal with such issues in the spirit of partnership, and to creatively use the direction provided by the courts as a catalyst for parties to come together to further advance the common goal of improving conditions for Aboriginal people in Canada. This renewed partnership approach to policy development is a departure from consultation techniques used by the department in the past and which were often viewed as a unilateral approach by the Government of Canada.



What Did We Promise to Achieve in 1997–98?

- Claims settlement agreements and certainty with respect to land title
- An independent claims body for specific claims
- Court cases settled out of court

What Did We Accomplish in 1997–98?

Comprehensive claims: Comprehensive claims settlements were reached and implementation plans developed for three First Nations in Yukon. Two have been ratified, and a third is awaiting ratification. Progress was made in negotiations in Labrador, Quebec, the Northwest Territories, and in British Columbia.

Comprehensive Claims

- Final and self-government agreements with Little Salmon/Carmacks and Selkirk First Nations
- Initialled final and self-government agreement with Tr'ondëk Hëwch'in (Dawson)
- Concluded land claims and self-government negotiations with White River
- Resolved outstanding issues with the Labrador Inuit Association and Government of Newfoundland and Labrador
- Signed a political protocol with the Government of Quebec and the Conseil de la Nation Atikamekw
- Began formal agreement-in-principle negotiations with the South Slave Métis in the Northwest Territories
- A ministerial envoy was appointed to lead discussions with the Deh Cho First Nation in the Northwest Territories
- Innu Nation and the Governments of Canada and Newfoundland and Labrador accepted a plan to accelerate negotiations to complete an AIP within two years
- In British Columbia, initialled two Framework Agreements and signed 11 Framework Agreements

Claims Implementation

- Completed implementation plans for Selkirk and Little Salmon/Carmacks Final Agreements
- Initialled implementation plans for the Tr'ondëk Hëwch'in Final Agreement
- Signed a Fire Protection and Sanitation Services Agreement for the Cree under the James Bay Northern Quebec Agreement
- Concluded an agreement on job creation with the Naskapi of Kawawachikamach under the Northeastern Quebec Agreement
- Signed an agreement with Fisheries and Oceans Canada and Transport Canada for the construction of a marine infrastructure in Nunavik

Certainty in land claims agreements: The department is involved with First Nations in the on-going exploration of possible means, other than by surrender or extinguishment of Aboriginal Rights or Aboriginal Title, to provide certainty through comprehensive claims settlements.



Specific claims: The department is working in partnership with representatives of the Assembly of First Nations through a Joint Task Force to recommend on the appropriate scope, mandate, authority, and jurisdiction of the Indian Claims Body. The department concluded eight settlement agreements, including two treaty land entitlements in the Province of Manitoba. The department also concluded an agreement with the Canoe Lake First Nation in partnership with the Department of National Defence and the Government of Saskatchewan.

Litigation: DIAND and the Department of Justice progressed toward more effectively managing the ever-growing litigation caseload. A comprehensive review of DIAND's litigation inventory was initiated, and efforts will proceed to design and implement a more strategic approach to litigation management.

Out-of-Court Settlements: A settlement agreement was successfully concluded in February 1998 with the Blueberry River and Doig River First Nations (Apsassin). The Apsassin settlement stands as a good example of the benefits to be achieved through timely and equitable negotiation, respecting the interests of both parties while avoiding the costly and time-consuming processes of litigation.

How Does This Achieve Value for Money?

The value of time and resources invested in the Canada-AFN Joint Task Force (JTF) on specific claims cannot be underestimated as a model for better ways of doing business, helping to improve the relationship, and joint problem-solving in the development of sound public policy. The partnership approach has begun to remove the barriers of mistrust which have so often limited parties from arriving at creative solutions for consideration by Cabinet.

The creation of an Independent Claims Body will improve the relationship between First Nation and non-First Nation communities by bringing certainty to land issues. Furthermore, resolving claims will result in economic benefits to both First Nation and non-First Nation communities: it will give First Nations a land base and, often, an economic package, and it will clarify title to land and open the way to development and renewed investment.

Negotiating claims settlements is a very sound investment of time and resources, as it creates certainty with respect to rights to land and resources. The economic and social costs of uncertainty are too high – legal costs, lost opportunities for economic development, diminished confidence of possible investors, and the loss of opportunities for Aboriginal groups to assume their place as equal and active citizens of Canada.



Northern Affairs Program

| How Much Did It Cost? | |
|---------------------------------|----------------------|
| Northern Affairs Program | |
| Planned Spending | \$178,711,900 |
| <i>Total Authorities</i> | <i>\$185,193,821</i> |
| 1997–98 Actuals | \$178,928,369 |

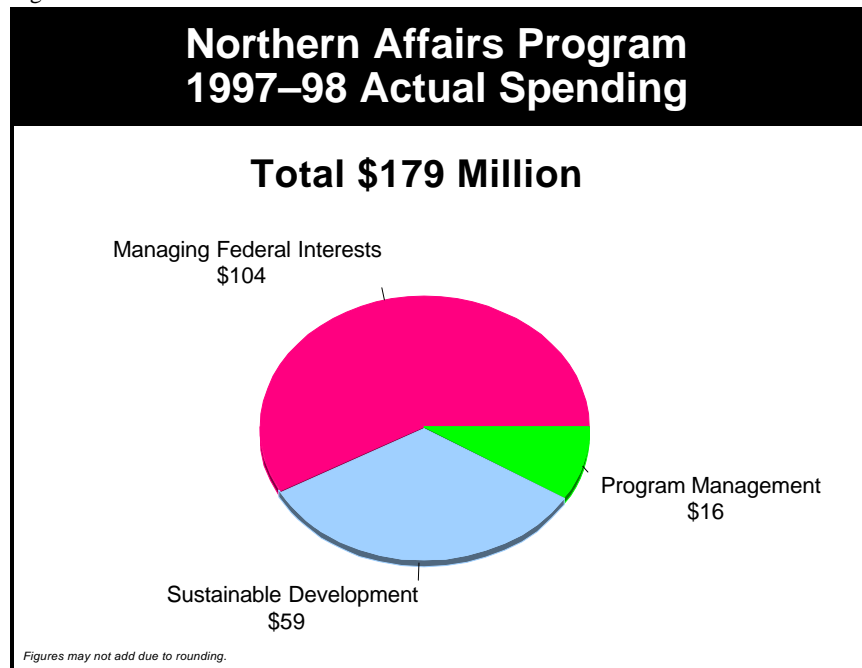
Explanation of Variance

The variance of approximately \$6 million between planned spending and total authorities is primarily attributable to incremental funding required to carry out important environmental initiatives such as the assessment, clean-up, and management of waste sites in the North.

The variance of approximately \$6 million between total authorities and actual spending is primarily attributable to the carry forward to future years of funding for operating resources and transfer payments.

Figure 25 shows how Northern Affairs Program expenditures of \$178.9 million were allocated in 1997–98.

Figure 25





Why Are We In The Business?

The Northern Affairs Program (NAP) works to help Northerners, including Aboriginal people, to develop political and economic institutions that will strengthen the North's role within the Canadian federation. Until the eventual transfer of full provincial responsibility to northern governments, the program's responsibilities are these: to support northern political and economic development; to implement northern land claims and self-government agreements; to manage the sustainable development and environmental protection of the North's lands and natural resources (covering more than 40 percent of Canada's land mass); and, to manage ongoing federal responsibilities in areas like science and technology and international circumpolar relations.

Priorities

NAP's resources and energies remained focussed on priorities in two key areas of operations:

- Managing federal interests*
- Promoting northern sustainable development*

The details of NAP's key plans and strategies and expected results by priority are outlined on the following pages. In the North, these priorities, along with the priorities and programs of the Indian and Inuit Affairs Program, support the objectives of *Gathering Strength* and the principles of sustainable development and are delivered in an integrated fashion by the regional offices.

Priority: Managing Federal Interests

The ultimate outcome of managing federal interests will be a fundamentally different federal presence in the North. Over the next two to three years the most notable results will include the division of the Northwest Territories into two separate territories on April 1, 1999; the development of a viable proposal for a new system of government in the western Northwest Territories; the comprehensive devolution of Northern Affairs, provincial-type powers and programs to the Yukon government; and strong international Arctic relationships through structures like the Arctic Council and a coordinated approach to northern science and technology activities.



What Are Our Key Objectives and Strategies?

The department will continue to build strong northern public governments by completing preparations for the establishment of Nunavut on April 1, 1999 in partnership with the Government of the Northwest Territories, Nunavut Tunngavik Incorporated, The Office of the Interim Commissioner and other government departments and agencies. In the Western Northwest Territories, DIAND will continue to actively support the territorial government, Aboriginal groups and residents of the Western Northwest Territories as they work to define a new integrated governing framework, and resolve outstanding land claims and self-government agreements.

While one of the main priorities for the Northern Affairs Program (NAP) is northern political development and the devolution of its provincial-type responsibilities to northern governments, considerable time and effort is also being spent managing ongoing federal responsibilities.

In Yukon, the negotiation of a Yukon Devolution Protocol Accord has set the stage for the negotiation and finalization of a Transfer Agreement on full devolution of all remaining DIAND provincial-type responsibilities in 1999. These discussions are being carried out with the full participation of Yukon First Nations, directly supporting the objectives – partnership, governance, fiscal relationships, and strong communities, people and economies – of *Gathering Strength*.

DIAND's responsibilities in the North are broad and include international Arctic initiatives. Assuming the lead for establishing a coordinated and cooperative approach to federal northern science and technology activities, working in partnership with Environment Canada and Foreign Affairs to ensure that Canada meets its obligations related to the Arctic Council, and managing the Northern Airstage Subsidy so that the cost of nutritious perishable food products remain at affordable levels for Canadians in remote communities are concrete examples of how NAP staff are contributing to the overall DIAND mission of working together to make Canada a better place for First Nations and Northern peoples.

What Environmental Factors Could Influence Performance?

A fundamental reshaping of northern societies in Yukon, western Northwest Territories and Nunavut is under way.

Progress on the completion of a devolution agreement with the Government of Yukon and Yukon First Nations is being influenced by progress on the finalization of the 10 outstanding land claims and self-government agreements in Yukon, as well as progress on program and services transfer agreements. With eight land claims and

self-government agreements still to be negotiated at the end of 1997–98, the highest priority of both the Government of Yukon and Yukon First Nations continues to be the settlement of land claims.



Political development in the western Northwest Territories is closely linked to building an integrated governing framework for the region, especially in the context of the division that will take place in 1999. It is also integrally linked to progress on the finalization and implementation of land claims and self-government agreements in the western Northwest Territories. Four claimant groups in the southwestern Northwest Territories are involved in processes and activities to move forward toward the settlement of claims or self-government arrangements. The other groups, the Inuvialuit, Gwich'in, and Sahtu, all of whom have settled land claims, are in self-government negotiations.

Completing the preparations for the establishment of Nunavut on April 1, 1999, requires a comprehensive and integrated approach that involves DIAND, other federal departments, the Government of the Northwest Territories, Nunavut Tunngavik Incorporated and the Office of the Interim Commissioner. Implementation responsibilities are diverse and widely dispersed, but through partnership arrangements and processes, significant progress was made in 1997–98 in many areas, including infrastructure projects, Inuit training, and defining Government of Nunavut core functions and essential services.

Five remaining pieces of complex legislation are required before the end of 1998–99 to meet resource management commitments in the Yukon, Nunavut, Gwich'in, and Sahtu final land claims agreements: the Mackenzie Valley Surface Rights Board, *Yukon Development Assessment Process Act*, *Nunavut Water Management Act*, Nunavut Surface Rights Tribunal legislation and, the *Nunavut Resource Management Act*. Progress on these Acts is heavily dependent on the ability of DIAND resources and the federal legislative process to handle these complex pieces of legislation.

What Did We Promise to Achieve in 1997–98?

- Establishing the Nunavut territory and government, which will come into existence on April 1, 1999
- Supporting the western political development process in the Northwest Territories
- Devolving DIAND's provincial-type responsibilities
- Completing claims and resource-management legislation
- Promoting strong international Arctic relationships
- Reviewing the impacts of the Northern Air Stage (Food Mail) Program
- Involving Aboriginal people and other Northerners in planning and implementing *Gathering Strength* and in preparing the government's Northern Agenda



What Did We Accomplish in 1997–98?

The Nunavut Construction Corporation (NCC), a conglomerate of the four Inuit birthright corporations, has key responsibility for the initial capital construction projects related to office and staff housing facilities in Nunavut. The NCC commenced construction of the first 66 of 250 housing units in 1997–98 under a lease agreement with the Government of Canada. One hundred sixty-eight Inuit benefitted from direct employment related to these projects, which generated \$1.75 million in wages.

Establishment of Nunavut: Preparations for the establishment of the new territory continued. The Office of the Interim Commissioner (ICO) was established, and the Interim Commissioner hired 11 Deputy Ministers and 12 Assistant Deputy Ministers. Hiring of the Nunavut public service began and will continue in 1998–99. It has been agreed that the ICO will concentrate on those departments responsible for core functions and essential services, such as health care, finance, and social services. Negotiations on financial arrangements, intergovernmental agreements, human resources transfers and contracting arrangements for Nunavut began. The nature and complexity of issues in each of these areas has meant that negotiations will continue throughout 1998–99. Five hundred thirty-six Inuit benefitted from training and employment opportunities under the Nunavut Unified Human Resources Strategy –

a strategy aimed at building capacity among the Inuit so that they may assume more than 50 percent of the approximately 600 jobs that will be created within the Government of Nunavut.

Support for the western political development process in the Northwest Territories: In the western Northwest Territories, the constitutional development process continued, with the completion of a first round of community consultations on a proposed governing model for the territory. Based on the outcome of the consultation process, the Constitutional Working Group prepared a new report called *Common Ground* which includes several models of government structure that will be submitted to the residents of the western Northwest Territories during the spring and summer of 1998. DIAND supports this process. Concurrently, the department (through the Claims and Indian Government Sector), the Government of the Northwest Territories, and the western Northwest Territories Aboriginal Summit established a working group to study the implementation of the inherent right of self-government in the western Northwest Territories.

Devolution of DIAND's provincial-type responsibilities: Discussions on the comprehensive devolution of all remaining Northern Affairs provincial-type programs to the Government of Yukon continued through a tripartite process involving DIAND, the Government of Yukon, and Yukon First Nations partners. Several discussions were held to work out the details of human resources transfers, net fiscal benefit, environmental implications, and cooperative working arrangements. Work began on a Devolution Protocol Accord, which will outline procedural guidelines for developing a full Yukon Devolution Transfer Agreement. Work will continue in 1998–99 with completion of a Devolution Transfer Agreement planned for March 31, 1999, and full transfer contemplated for December 1999. Federal legislation to devolve administrative and legislative responsibilities for oil and gas to the Government of Yukon was re-introduced in Parliament in 1997–98 and was passed on May 12, 1998.



Claims and resource-management legislation: The department is partially responsible for implementing land claim and self-government agreements. Under final land claim agreements, DIAND is obligated to complete seven complex resource management bills by the end of 1998–99, leading to a co-management or partnership approach to resource decision-making in the North. During 1997–98, the *Mackenzie Valley Resource Management Act* (Bill C-80) was re-introduced in Parliament and received proclamation on June 18, 1998. Consultations and drafting of the Nunavut Waters and Nunavut Surface Rights Tribunal legislation was completed, and the development of the *Yukon Development Assessment Process Act* continued. NAP staff face a heavy workload in 1998–99 as they endeavour to complete these and the other outstanding pieces of legislation, the *Mackenzie Valley Surface Rights Act* and the *Nunavut Resource Management Act*. The *Yukon Surface Rights Act* was passed in 1994–95.

Promotion of strong international Arctic relationships: DIAND continued to provide support to the Arctic Council, an intergovernmental forum for the eight Arctic nations and their peoples, which was established in 1996–97, to cooperate, coordinate, and interact on common issues. A ministerial meeting of the Council was held in June 1997 in Norway, where discussions focussed on the Arctic Environmental Protection Strategy. DIAND, in partnership with Foreign Affairs and International Trade and Environment Canada, has agreed to provide secretariat support to the Arctic Council for the first two years, with responsibility being handed to the next host country in the fall of 1998. DIAND organized an international conference on sustainable development in the circumpolar North entitled “Lessons Learned and the Way Ahead,” which was held in Whitehorse, Yukon, in May 1998.

Northern Air Stage (Food Mail) Program: In conjunction with the **Departmental Audit and Evaluation Branch**, a review of most of the components of the food mail program was completed in 1997–98, including a major food consumption survey in two Arctic Inuit communities. Inuit were involved in the design and conduct of the survey and received feedback on initial survey results at the end of the fiscal year. Because of technical complications in the processing of final survey data, and the need to apply program management attention to other priority food mail issues near the end of the fiscal year, the final review and the publication of results were deferred to 1998–99.

Involvement of Northerners in the planning and implementation of *Gathering Strength* and in preparing the government’s Northern Agenda: Discussions and consultations began throughout the North on the implementation of the new Aboriginal Action Plan, *Gathering Strength*. These will continue in 1998–99, with individual implementation plans being drafted for each territory. As well, an Inuit Agenda will be developed with assistance from NAP staff. Given DIAND’s broad responsibilities in the North and the political and economic changes currently under way, a new federal government agenda for the North is being developed. Work on the Agenda began in 1997–98 and will continue in 1998–99 in full partnership with Aboriginal and non-Aboriginal Northerners, territorial governments, and other stakeholders.



How Does This Achieve Value for Money?

The department is playing a key role in the North's political development through concentrated efforts in the area of Nunavut implementation, the negotiation of a devolution accord in Yukon and the completion of resource management legislation pursuant to comprehensive land claims agreements.

Work carried out in 1997–98 and 1998–99 will set the stage for major political change in the North during 1999, when Canada's third territory will become a reality, the Yukon Territorial Government will assume responsibility for the land, water, mineral, and forestry resources in Yukon, and northern Aboriginal people will be full partners in the management of the North's natural resources through a number of resource management boards and agencies.

Priority: Promoting Northern Sustainable Development

Promoting northern sustainable development through the management of northern natural resources and the protection of the environment will ultimately produce stronger communities and a stronger economic base for the North; modern and competitive legislative, regulatory and policy regimes that ensure the sustainable development of the North's natural resources; and protection of the Arctic environment with a focus on effective monitoring and enforcement, northern contaminants, and hazardous waste clean-up.

What Are Our Key Objectives and Strategies?

The department will continue to manage and regulate the development of the North's natural resources, including land, water, mineral, oil and gas and forestry (Yukon only) resources and protect the northern environment through land and water research, policies, regulation, enforcement and inspections.

DIAND staff have had a direct role in the establishment of a diamond mining industry in Canada, with the first mine set to open in the fall of 1998 and a second mine, Diavik, just entering the regulatory review phase. Oil exploration activities, well abandonments and field development drilling resulted in expenditures of \$46.9 million in 1997–98. The creation of jobs and business opportunities for northern communities has been a direct result.



In order to continue to provide investor certainty, ensure proper resource management, and support the development of stronger northern economies, DIAND will continue with regulatory reform. Success here will be partially dependent on the ability to secure additional resources to deal with increased workloads. It will also be working with the territorial governments, the private sector, other federal departments, northerners and other stakeholders to develop the modern, integrated economic development strategy for the North announced in the 1998 federal budget.

Building stronger communities and a stronger northern economy are key objectives for DIAND. The provision of a modern and competitive regulatory regime by DIAND is supporting the development of new mines and oil and gas fields in both Yukon and the Northwest Territories.

What Environmental Factors Could Influence Performance?

The explosion of mineral and petroleum resource development activity in both territories has dramatically increased workloads for those who work in the areas of inspections, permits, claims registration, mineral assessment verification, and so forth. The decline in gold prices during 1997–98, and the resulting mine closures in the Northwest Territories, created new pressures and priorities for staff. The introduction of new and complex legislation and regulatory obligations also poses great workload challenges for the department.

New oil and gas exploration in recent years, after a long hiatus, is starting to deliver jobs and business opportunities, but many northern communities and First Nations have higher expectations for more immediate and greater benefits. This has resulted in a drop in support for further rights issuance. DIAND is currently consulting to determine the level of support for future rights issuance.

What Did We Promise to Achieve in 1997–98?

- Natural resource-management legislation, regulations, and policies
- Implementing strategies to ensure the protection of the environment and renewable resources
- Managing resource developments and closures and downsizing
- Development of a modern economic development strategy



What Did We Accomplish in 1997–98?

Natural resource-management legislation, regulations, and policies: During 1997–98 the department drafted a Northwest Territories Mine Reclamation Policy and a discussion paper on amendments to the Canada Mining Regulations, which will amend the administrative and royalty regimes for mining in the Northwest Territories. Extensive consultation with all stakeholders took place in the North. The Mackenzie Valley Land and Water working group was established in preparation for its roles and responsibilities under the *Mackenzie Valley Resource Management Act*.

Protection of the environment and renewable resources: A sustainable development strategy for the North was completed by December 1997 as part of the larger DIAND Sustainable Development Strategy, *Towards Sustainable Development*. As well, the *Canadian Arctic Contaminants Assessment Report*, showing the results of six years of research on contaminants in northern ecosystems and the diets of northern people, was published. Northern First Nation and Inuit organizations are full partners in the management and conduct of the research activities under the Northern Contaminants Program, which received funding approval for an additional five years of work in 1997–98. DIAND was a co-signatory to the Mackenzie River Basin Transboundary Waters Master Agreement and responded to recommendations of the Northern River Basins Study.

Management of resource developments, and closures and downsizing: Construction continued on the Broken Hill Proprietary (BHP) Diamonds Inc. mine in the Northwest Territories, with production scheduled to commence in the fall of 1998. An Intergovernmental Task Force was established with the Government of the Northwest Territories to look at the value-added aspects of diamond mining. This work will continue in 1998–99. As well, DIAND managed the entry of a second diamond mine, Diavik, into the regulatory review process, and geared up to undertake a comprehensive environmental review in 1998–99.

Considerable time was spent working with territorial and First Nations governments, as well as with the private sector, on specific environmental and economic issues, such as the suspension of operations at the Faro mine in Yukon. The drop in world metal prices, as well as diminishing mineral reserves at some mines, has brought about the closure of two out of seven mines in the Northwest Territories in the past two years and has reduced operations to care and maintenance at one other gold mine. Another northern mine is expected to close before 2001, and depending on world prices, two others may close. As a result, DIAND will be expected to devote greater attention to regulatory work and working with Northerners to develop a long-term economic development strategy that promotes diversification.

Also integral to economic development in the North is the work carried out by DIAND in oil and gas management. In 1997, DIAND issued nine new oil and gas exploration licences. In 1997 six exploratory wells became commercial, eight geophysical operations were conducted, and the development of the Ikhil gas discovery was approved. In total, exploration activities, well abandonments, and field development drilling resulted in expenditures of \$46.9 million. Fort Liard, Tulita, and Norman Wells, three communities in the western Northwest Territories, benefitted directly from jobs and business opportunities related to these activities.



Development of a modern economic development strategy: The federal government announced in the February 1998 budget that it supported the development of an integrated economic development strategy for the North. DIAND, as the lead federal agency in the North, began coordinating efforts to consult Northerners, other government departments, the private sector, the territorial governments, and other stakeholders on what such a strategy should look like in each of the three northern territories. The development of the strategy, which will emphasize partnerships and diversification and explore the concept of resource revenue sharing, will continue in 1998–99.

How Does This Achieve Value for Money?

The development and revision of resource management legislation, regulations, and policies, the continuation of the Northern Contaminants Program, and the management of major resource developments (both mineral and oil and gas), as well as abandonments and closures, are all key deliverables in DIAND's Sustainable Development Strategy. Efforts by DIAND staff to create an efficient and stable regulatory regime and to work in partnership with Northerners, the territorial governments, and the private sector to take advantage of economic opportunities is having a direct impact on jobs and growth throughout the North.

Ensuring that development proceeds in the North in a manner that does not compromise the ability of future generations to meet their own needs is at the core of DIAND's sustainable development efforts in the North.



Administration Program

| How Much Did It Cost? | |
|-------------------------------|---------------------|
| Administration Program | |
| Planned Spending | \$65,140,645 |
| <i>Total Authorities</i> | \$88,426,065 |
| 1997-98 Actuals | \$84,401,483 |

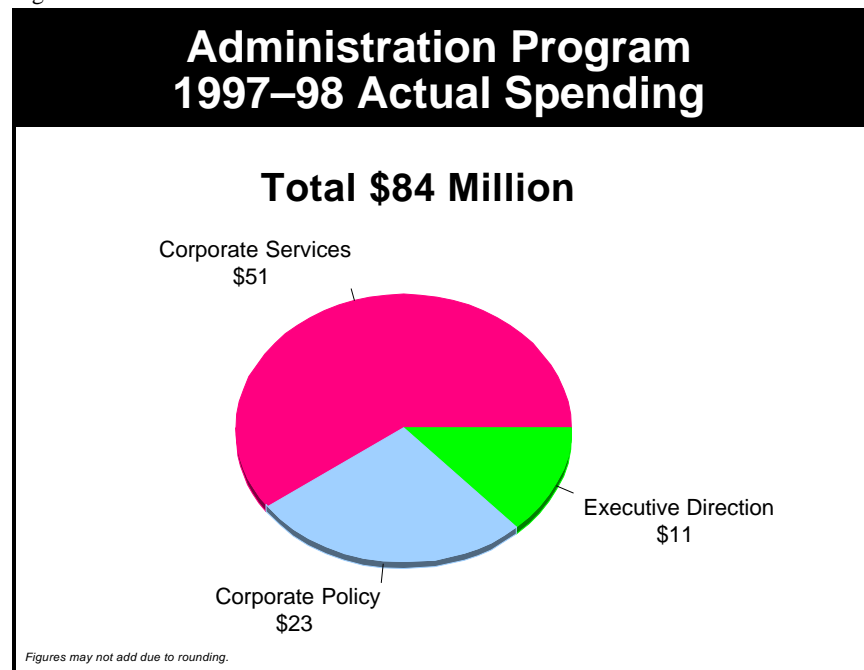
Explanation of Variance

The variance of approximately \$23 million between planned spending and total authorities is primarily attributable to incremental funding required for systems enhancements, telecommunications upgrades, the launching of significant communications strategies and public education initiatives, responses to the RCAP Report, and personnel costs.

The variance of approximately \$4 million between total authorities and actual spending is primarily attributable to the carry forward to future years of operating resources.

Figure 26 shows how Administration Program expenditures of \$84.4 million were allocated in 1997-98.

Figure 26





Why Are We in the Business?

The Administration Program supports DIAND's operating programs, providing policy direction and coordination and central advisory services. It is responsible for administrative services and guidance in finance, human resources, communications, and technical services. It provides liaison with Parliament, Cabinet policy committees, other federal departments, and other levels of government. Its functions include strategic and financial planning, informatics, communications planning and services, material and information management, and preparing ministerial correspondence and briefings. The program also conducts evaluations and internal audits in accordance with Treasury Board policy.

Priority: Supporting *Gathering Strength* and Other Departmental Priorities and Finding Innovative Ways of Doing Business

The ultimate outcome of these priorities will be the creation of a highly efficient and effective departmental support program which will provide a high level of quality services in support of departmental programs to First Nations and Northerners. These priorities will be accomplished in an environment that promotes Aboriginal representation, fosters innovation and values the opportunities available through change.

What Are Our Key Objectives and Strategies?

Under the *Gathering Strength* initiative, DIAND must create new relationships with First Nations and Northerners and facilitate the transition to self-government and the creation of a new territory. The *Gathering Strength* agenda will continue to place heavy demands on DIAND, on the Cabinet, and on the government's legislative agenda. Considerable effort and interagency cooperation are needed to guide key initiatives through the system and to ensure an integrated federal approach. This will place increased demands on departmental Executive, Corporate Policy and Corporate Services to ensure effective management of and support for the department's agenda.



What Environmental Factors Could Influence Performance?

Implementing *Gathering Strength* calls for a different vision of the role of the department. For many years, the overriding focus of our approach has been transferring responsibility to First Nations and preparing ourselves to go out of business. *Gathering Strength* recognizes that there is a legitimate and appropriate role beyond transfer or devolution – that we as a department have a role to play in assisting the capacity development of First Nations and Inuit, and in assisting in policy development for strong and sustainable First Nation governance structures. Over the last few years, DIAND senior management has tried to gradually change the culture of the department and the management approach from a command and control style to a new style based on leadership, values, and ethics. To effect this change, a variety of tools and approaches have been employed, such as open space sessions and regional/sectoral leadership initiatives.

What Did We Promise to Achieve in 1997–98?

- Promotion of Aboriginal representation within DIAND
- Implementation of best management practices
- Attainment of leadership and learning skills
- Year 2000 readiness

What Did We Accomplish in 1997–98?

Promotion of Aboriginal representation: During 1997–98, 40 percent of all those appointed to the department were Aboriginal, thus increasing Aboriginal representation from 1996–97 levels of 23 percent to 26 percent. Using DIAND-designed programs and a focussed approach, Aboriginal representation in the Executive Group category increased from 17 percent in 1996–97 to 25 percent.

The Aboriginal Workforce Participation Initiative (AWPI) is the only National Departmental program whose members are all Aboriginal. The AWPI was established in 1991 to expand opportunities in Aboriginal communities through increased Aboriginal participation in the labour market. This was achieved by a) increasing the general level of awareness about Aboriginal people and employment issues; b) increasing the capability among employers to recruit, promote, and retain Aboriginal employees; and c) expanding internal networking. **An Accountability and Evaluation Framework for the AWPI was developed** to assist with program implementation and to facilitate program evaluation through results-based, performance reporting.



AWPI supports *Gathering Strength* initiatives such as public education by raising awareness of Aboriginal employment issues. This is accomplished by the 100 percent Aboriginal staff through networking, the production and distribution of an AWPI Awareness Kit, strong public relations initiatives to dispel myths and raise awareness, and by building on the foundation of partnerships between Aboriginal peoples and organizations, government and the private sector. We facilitate partnerships to increase Aboriginal employment levels. Also, AWPI stresses the business advantages of employing Aboriginal people through direct and indirect employment opportunities:

- ❑ AWPI worked in partnership with Air Canada to conduct outreach activities for flight attendant recruitment in 1997. The result: 9.3 percent of total successful applicants were of Aboriginal ancestry. Moreover, 8.3 percent of Aboriginal candidates were hired as a result of outreach activities, as compared with 4.4 percent of the general population.
- ❑ AWPI was a partner and member of the advisory committee for the Aboriginal Career Expo '98, which focussed on Aboriginal students and youth, and was held on February 18 and 19 in Fredericton, New Brunswick.
- ❑ AWPI was a member of the planning committee for Planning Tomorrow's Success Today — Aboriginal Careers 1998, which was held April 28 to 29 in Regina, Saskatchewan. Over 3,000 students from grades 7 to 12 attended the event, which focussed on careers in science, technology, and tourism. The event attracted more than 75 companies and organizations that wished to recruit Aboriginal people.

Implementation of best management practices: Departmental employees went on Special Interchange Canada assignments with Aboriginal organizations. Sixteen of the 21 employees are at the middle or senior management level. In addition, DIAND hosted 17 Aboriginal persons from Aboriginal organizations through the Special Interchange program.

DIAND participated as a key department in the National Aboriginal Career Symposium held on November 13 and 14, 1997, in Ottawa. The lead organizers were the Canadian Aboriginal Science and Engineering Association (CASEA) and the National Research Council of Canada (NRC). Careers in science and technology formed the focus of this symposium. CASEA is a non-profit organization that aims to help Aboriginal communities nourish an interest in science and technology and to significantly increase the number of Aboriginal scientists and engineers. Last year's symposium took on a national outlook aimed at Aboriginal students from grade 6 to university. Fifteen hundred Aboriginal students attended the symposium from across Canada and students from Northern communities such as Iqaluit participated through video and telephone link. The Honourable Jane Stewart Minister of the Department of Indian Affairs and Northern Development and Grand Chief Phil Fontaine of the Assembly of First Nations participated as panellists in the Aboriginal Youth Town Hall Forum where they responded to questions from Aboriginal young people.

Attainment of leadership and learning skills: A Leadership Competency Profile was developed to enhance the ability and skills of DIAND employees to nurture, build, and promote a continuing partnership with Aboriginal and Inuit people by fostering a more attuned organizational culture and climate.



The Feedback to Managers process indicates that many positive steps are taking place in the leadership and cultural change process in DIAND. The department rates very well on overall business-oriented attributes, such as flexibility and innovation, the ability to see the big picture, and risk-taking. On people management attributes, however, (win-win negotiations, communication, team-building) the department has a positive, but lower rating.

The leadership initiative has indicated a clear willingness and desire on the part of employees to contribute actively in the process of change and the shaping of a new partnership with First Nation and Inuit communities. This is particularly the case with the front-line employees who provide services to our First Nation and Inuit partners, but it is also true of management.

In support of the department's Leadership Profile, **a series of risk management principles were developed** to provide DIAND staff with guidelines to apply when undertaking structured assessments of risks facing DIAND, its First Nation and Northern partners, and other stakeholders. This tool for making progress on the department's and the government's stated priorities encourages the adoption of innovative practices or procedures once systematic assessments of risks and benefits have been completed.

Year 2000 readiness: The successful transition into Year 2000 (Y2K) is of critical importance to the department. A comprehensive information technology (IT) plan was developed in the fall of 1996 and is being executed to ensure that all computers, software, infrastructure and corporate applications are compliant to ensure an uninterrupted service to all clients.

A full-time senior official has been assigned to coordinate all DIAND Y2K-related work that not only spans departmental IT activities but also real property, legal, imbedded chip-based systems, and regulatory matters. A Departmental Y2K Readiness Team has been established and consists of senior officials from every business front from each region and headquarters.

Central agency reporting has been consistent and on time. For most activities contingency plans have been developed. Remaining business functions will have developed similar plans prior to the beginning of 1999. With plans and activities well underway in the IT arena, Y2K activities are now focussing on the other segments of the millennium transition.

Band Support Funding has been identified as a broad government-wide mission critical systems function (GWMCS). This funding support is comprised of: the Indian Government Support System (IGSS), Nominal Roll (NR), Departmental Accounting System (DAS), Transfer Payment Management (TPMS) and Trust Fund Management Systems (TFMS). IGSS and NR are fully compliant and as of the end of August 1998, all systems are 76 percent complete. This is a nine percent increase from the report submitted to the Treasury Board in July 1998. These five GWMCS are part of the 17 critical systems within the DIAND. Of the 12 remaining systems, nine are compliant, one will be converted by December 1998 while the remaining two systems (PeopleSoft and Document Tracking) are shared systems (with Treasury Board) and will be compliant prior to the end of this fiscal year.

DIAND provided Treasury Board officials with a strategy for achieving compliance in June 1998, a full status report on its GWMCS in July 1998 and just recently provided a risk assessment and contingency plan that met the central agency reporting requirement timetable.



In summary, the department has assessed the majority of its business situations that might be affected by the millennium transition. Additional activities are proceeding in the embedded systems and health and safety areas, and in the duty of care and duty of warning segments of the millennium transition relating to the specifics of customer-owned systems. Additional and detailed information is available from the department.

How Does This Achieve Value for Money?

We are well on our way in moving from a command and control style of management to a leadership style of management that can support *Gathering Strength*, ensure effective implementation of the agenda, and achieve concrete results.



Canadian Polar Commission

| How Much Did It Cost? | |
|----------------------------------|--------------------|
| Canadian Polar Commission | |
| Planned Spending | \$929,000 |
| <i>Total Authorities</i> | <i>\$1,004,913</i> |
| 1997-98 Actuals | \$968,262 |

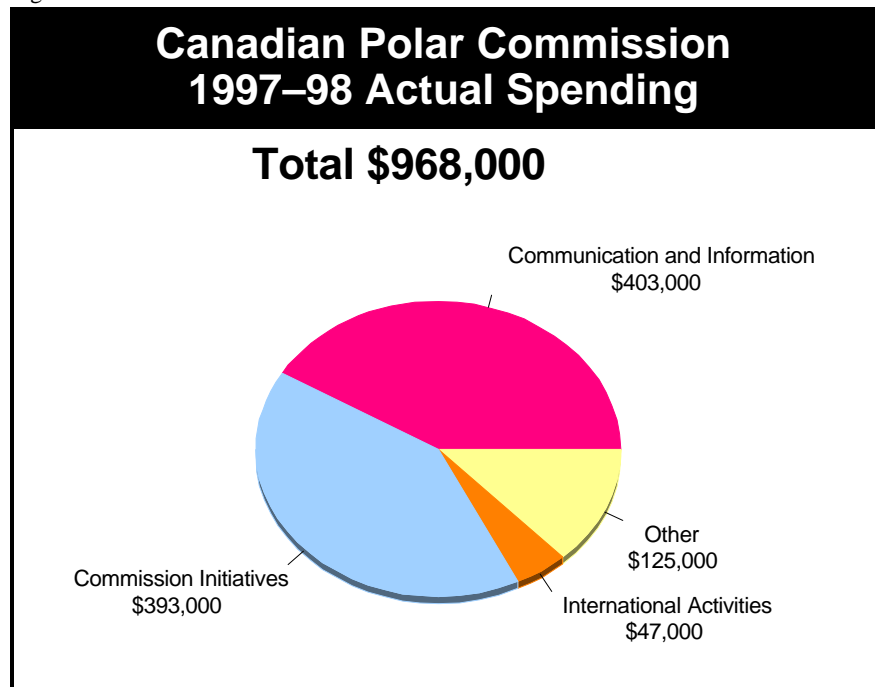
Explanation of Variance

The variance of \$76,000 between planned spending and total authorities is primarily attributable to the carry forward to future years of funding for operating resources and vacancies on the Board.

The variance of \$37,000 between actual and planned authorities is mainly attributable to the carry forward to future years of funding for operating resources.

Figure 27 shows how Canadian Polar Commission expenditures of \$968,262 were allocated in 1997-98.

Figure 27





Why Are We In The Business?

The Canadian Polar Commission was established by Parliament in 1991 as the lead federal agency in the area of polar science. It reports to Parliament through the Minister of Indian Affairs and Northern Development.



Priority: Lead Federal Agency in the Area of Polar Science

The ultimate outcome of the activities of the Canadian Polar Commission is a broader understanding of polar issues and an effective national and international role and presence in polar regions and in the field of polar science and technology.

Under the *DIAND Act*, the department is responsible for fostering science and technology in the North. The Canadian Polar Commission (CPC) is the lead agency in this area, and its policy recommendations will reinforce the department's objectives. Internationally, the CPC strengthens Canada's profile as a circumpolar nation and increases public awareness of the importance of polar science.

What Are Our Key Objectives and Strategies?

The CPC will continue to actively promote the adoption of a federal science and technology policy for the North. Work will continue on compiling more detailed information on specific sectors within the field of polar science, a task which is essential to understanding the many factors influencing this country's polar research capability and assessing our requirements for the future. The Commission has been active in the utilization of communications technologies for the maintenance and delivery of polar information. This ongoing work ensures that the results of Canadian research can be made available to the international polar research community, and better enables Canada to fulfil its international obligations with respect to polar science and technology. The Commission also responds to public enquiries with respect to a broad range of polar issues.



What Environmental Factors Could Influence Performance?

The challenge is to increase public awareness of the importance of polar science and to effectively disseminate polar knowledge to a number of national and regional constituencies. The success of the Commission in achieving these objectives will depend, in part, on the priority assigned polar research by federal departments and agencies, and on the degree to which the polar research community as a whole supports the development of co-ordinated strategies.

What Did We Promise to Achieve in 1997–98?

- Promoting the development and dissemination of polar knowledge
- Raising public awareness of the importance of polar science to Canada and Canadians
- Enhancing Canada's international profile as a circumpolar nation
- Fostering science and technology in the North

What Did We Accomplish in 1997–98?

Promoting the development and dissemination of polar knowledge: The Commission has been active in the co-ordination of polar data through international science bodies, helping ensure that the results of Canadian research are available to the international polar science community, and supporting international obligations with respect to polar science and technology. As well, the Commission has produced databases and bibliographies on Canada's polar science community and a directory of circumpolar research facilities. Such resources represent an important information service to Canadians and complement ongoing efforts aimed at evaluating Canadian science capacity.

Raising public awareness of the importance of polar science to Canada and Canadians: Public awareness of the importance of polar science to Canadians was promoted through initiatives designed to enhance on-line information resources, through the Commission's publishing and communications program, through public affairs and media relations, and through ongoing consultations with other federal departments and agencies aimed at identifying and evaluating information technologies applicable to the broader exchange of polar information.

Enhancing Canada's international profile as a circumpolar nation: With respect to international affairs, the Commission provided funding and organizational support for the Canadian Antarctic Research Program (CARP) and the establishment in 1997–98 of the Canadian Committee on Antarctic Research (CCAR). On behalf of Canada, the Commission applied for full membership status on the Scientific Committee for Antarctic Research (SCAR) and continued to work closely with the Arctic science community as Canada's national adhering body to the International Arctic Science Committee (IASC).



Fostering science and technology in the North: The Commission helped foster science and technology in the North through ongoing monitoring and reporting on the state of Canadian polar science and through its work as a partner in the federal Northern Science and Technology Strategy. The Commission also produced a study of northern research licensing data a bibliography on northern traditional knowledge.

How Does This Achieve Value for Money?

The Commission serves as an important source of information on polar research and a link between the research sector, Aboriginal communities, industry, governments, and Canadians. As well, the Commission serves as Canada's primary point of contact with the circumpolar scientific community. Such activities not only complement the Commission's work with respect to domestic research activities but provide, as well, a means of input into multilateral scientific projects of relevance to Canadian interests.



Section IV – Financial Performance

Financial Performance Overview

| How Much Did It Cost? | |
|--------------------------------------------------------------|------------------------|
| Department of Indian Affairs and Northern Development | |
| Planned Spending | \$4,382,712,545 |
| <i>Total Authorities</i> | <i>\$4,621,973,301</i> |
| 1997–98 Actuals | \$4,554,910,186 |
| Canadian Polar Commission | |
| Planned Spending | \$929,000 |
| <i>Total Authorities</i> | <i>\$1,004,913</i> |
| 1997–98 Actuals | \$968,262 |

DIAND and the Canadian Polar Commission's financial resources were spent on the delivery of the strategic objectives outlined in this document. The variance between planned spending and total authorities is primarily attributable to settlements in Claims such as the Apsassin case, while the variance between total authorities and actual spending is primarily attributable to the carry forward of resources to future years. Further, explanations of significant variances and the details on how First Nations, Inuit, Northerners, and other Canadians are receiving value for this spending are elaborated throughout the report by business line, as follows:

| Business Lines | Explanation of Significant Variances Reported On: | How Does This Achieve Value for Money Reported On: |
|------------------------------|----------------------------------------------------------|-----------------------------------------------------------|
| Indian and Inuit Programming | page 18 | pages 23, 27, 31, 40 |
| Claims | page 41 | page 45 |
| Northern Affairs | page 46 | pages 52, 55 |
| Administration | page 56 | page 61 |
| Canadian Polar Commission | page 62 | page 65 |

The following financial summary tables (Tables 1–15) provide additional details with respect to the department's utilization of financial resources.



Financial Summary Tables

Table 1 – Summary of Voted Appropriations

| Vote | (millions of dollars) | Planned Spending 1997-98 | Total Authorities 1997-98 | Actual 1997-98 |
|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|------------------------------|-------------------|
| Administration Program | | | | |
| 1 | Program expenditures | 59.5 | 82.8 | 78.8 |
| (S) | Statutory payments | 5.6 | 5.6 | 5.6 |
| | Total Program | 65.1 | 88.4 | 84.4 |
| Indian and Inuit Affairs Program | | | | |
| 5 | Operating expenditures | 195.7 | 243.7 | 229.3 |
| 6b | To write-off from the Accounts of Canada, certain debts and obligations due to Her Majesty in right of Canada | - | 0.1 | 0.1 |
| 10 | Capital expenditures | 5.0 | 2.1 | 2.1 |
| 15 | Grants and contributions | 3,767.5 | 3,744.0 | 3,734.5 |
| (S) | Statutory payments | 170.7 | 358.4 | 325.6 |
| | Total budgetary | 4,138.9 | 4,348.4 | 4,291.6 |
| L15 | Loans for the construction of houses through the Indian Housing Assistance Account | - | 19.8 | (0.1) |
| L20 | Loans and guarantees of loans through the Indian Economic Development Account | - | 46.7 | - |
| L20 | Loans to native claimants | 21.9 | 28.0 | 28.0 |
| L25 | Loans to Yukon Elders | 0.5 | 0.8 | 0.7 |
| L30 | Loans to First Nations in British Columbia for the purpose of supporting their participation in the British Columbia Treaty Commission process | 24.2 | 24.2 | 22.6 |
| | Total non-budgetary | 46.5 | 119.5 | 51.1 |
| | Total Program | 4,185.4 | 4,467.9 | 4,342.7 |
| Northern Affairs Program | | | | |
| 35 | Operating expenditures | 76.0 | 77.7 | 71.8 |
| 40 | Grants and contributions | 80.3 | 84.9 | 84.6 |
| 45 | Payments to Canada Post Corporation | 15.6 | 15.6 | 15.5 |
| (S) | Statutory payments | 6.8 | 7.0 | 7.0 |
| | Total budgetary | 178.7 | 185.2 | 178.9 |
| 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 | - | 6.5 | - |
| 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 | 178.7 | 197.0 | 178.9 |
| | Total Department | 4,429.3 | 4,753.3 | 4,606.0 |
| Canadian Polar Commission | | | | |
| 50 | Program expenditures | 0.9 | 0.9 | 0.9 |
| (S) | Statutory payments | 0.1 | 0.1 | 0.1 |
| | Total Agency | 0.9 | 1.0 | 1.0 |

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**

| (millions of dollars) | FTEs | Operat- ing | Capital | Voted Grants and Contribu- tions | Total Gross Voted Expendi- tures | Statutory Grants and Contribu- tions | Total Gross Expendi- tures | Less: Revenue Credited to the Vote | Total Net Expendi- tures |
|----------------------------------------------------------|--------------|----------------|-------------|----------------------------------------------|----------------------------------------------|--------------------------------------------------|-------------------------------------|------------------------------------------------|-----------------------------------|
| Claims | | | | | | | | | |
| (planned spending) | 230 | 43.5 | - | 171.9 | 215.4 | 151.9 | 367.3 | - | 367.3 |
| (total authorities) | 388 | 240.4 | 1.2 | 218.5 | 460.1 | 156.6 | 616.8 | - | 616.8 |
| (actuals) | 388 | 239.3 | 1.2 | 218.5 | 459.0 | 156.6 | 615.7 | - | 615.7 |
| Indian and Inuit Programming | | | | | | | | | |
| (planned spending) | 1,525 | 167.7 | 6.8 | 3,595.7 | 3,770.2 | 1.4 | 3,771.6 | - | 3,771.6 |
| (total authorities) | 1,738 | 197.9 | 6.7 | 3,525.5 | 3,730.1 | 1.5 | 3,731.6 | - | 3,731.6 |
| (actuals) | 1,738 | 151.8 | 6.7 | 3,516.0 | 3,674.4 | 1.5 | 3,675.9 | - | 3,675.9 |
| Northern Affairs | | | | | | | | | |
| (planned spending) | 539 | 97.5 | 1.0 | 80.3 | 178.7 | - | 178.7 | - | 178.7 |
| (total authorities) | 571 | 96.9 | 3.4 | 84.9 | 185.2 | - | 185.2 | - | 185.2 |
| (actuals) | 571 | 90.9 | 3.4 | 84.6 | 178.9 | - | 178.9 | - | 178.9 |
| Administration | | | | | | | | | |
| (planned spending) | 685 | 64.7 | - | 0.5 | 65.1 | - | 65.1 | - | 65.1 |
| (total authorities) | 799 | 85.1 | 2.8 | 0.5 | 88.4 | - | 88.4 | - | 88.4 |
| (actuals) | 799 | 81.1 | 2.8 | 0.5 | 84.4 | - | 84.4 | - | 84.4 |
| Total | | | | | | | | | |
| (planned spending) | 2,979 | 373.4 | 7.8 | 3,848.2 | 4,229.4 | 153.3 | 4,382.7 | - | 4,382.7 |
| (total authorities) | 3,496 | 620.2 | 14.2 | 3,829.4 | 4,463.8 | 158.1 | 4,622.0 | - | 4,622.0 |
| (actuals) | 3,496 | 563.0 | 14.2 | 3,819.6 | 4,396.8 | 158.1 | 4,554.9 | - | 4,554.9 |
| Other Revenues and Expenditures | | | | | | | | | |
| Revenue credited to the Consolidated Revenue Fund | | | | | | | | | |
| (planned spending) | | | | | | | | | (84.8) |
| (total authorities) | | | | | | | | | (67.8) |
| (actuals) | | | | | | | | | (67.8) |
| Cost of services provided by other departments | | | | | | | | | |
| (planned spending) | | | | | | | | | 29.5 |
| (total authorities) | | | | | | | | | 35.7 |
| (actuals) | | | | | | | | | 35.7 |
| Net Cost of the Department | | | | | | | | | |
| (planned spending) | | | | | | | | | 4,327.4 |
| (total authorities) | | | | | | | | | 4,589.9 |
| (actuals) | | | | | | | | | 4,522.8 |
| Canadian Polar Commission | | | | | | | | | |
| (planned spending) | 6 | 0.9 | - | - | 0.9 | - | 0.9 | - | 0.9 |
| (total authorities) | 6 | 1.0 | - | - | 1.0 | - | 1.0 | - | 1.0 |
| (actuals) | 6 | 1.0 | - | - | 1.0 | - | 1.0 | - | 1.0 |

Total authorities are main estimates plus supplementary estimates plus other authorities.
Due to rounding figures may not add to totals shown.



Table 3 – Historical Comparison of Total Planned to Actual Spending

| (millions of dollars) | | | | | |
|----------------------------------|-------------------|-------------------|--------------------------------|---------------------------------|-------------------|
| Business Lines | Actual 1995–96 | Actual 1996–97 | Planned Spending 1997–98 | Total Authorities 1997–98 | Actual 1997–98 |
| Budgetary | | | | | |
| Claims | 361.5 | 337.8 | 367.3 | 616.8 | 615.7 |
| Indian and Inuit Programming | 3,427.3 | 3,705.5 | 3,771.6 | 3,731.6 | 3,675.9 |
| Northern Affairs | 160.5 | 155.8 | 178.7 | 185.2 | 178.9 |
| Administration | 77.5 | 72.4 | 65.1 | 88.4 | 84.4 |
| Total Budgetary | 4,026.8 | 4,271.6 | 4,382.7 | 4,622.0 | 4,554.9 |
| Non-Budgetary | | | | | |
| Claims | 41.8 | 43.8 | 46.5 | 119.5 | 51.1 |
| Indian and Inuit Programming | (3.0) | (2.2) | - | - | - |
| Northern Affairs | (0.8) | - | - | 11.9 | - |
| Administration | - | - | - | - | - |
| Total Non-Budgetary | 38.0 | 41.5 | 46.5 | 131.4 | 51.1 |
| Total | | | | | |
| Claims | 403.3 | 381.6 | 413.8 | 736.3 | 666.8 |
| Indian and Inuit Programming | 3,424.3 | 3,703.3 | 3,771.6 | 3,731.6 | 3,675.9 |
| Northern Affairs | 159.7 | 155.8 | 178.7 | 197.0 | 178.9 |
| Administration | 77.5 | 72.4 | 65.1 | 88.4 | 84.4 |
| Total Department | 4,064.8 | 4,313.1 | 4,429.3 | 4,753.3 | 4,606.0 |
| Canadian Polar Commission | 1.1 | 1.0 | 0.9 | 1.0 | 1.0 |

Total authorities are main estimates plus supplementary estimates plus other authorities.
Due to rounding figures may not add to totals shown.



Table 4 – Crosswalk between Old Resource Allocation and New Allocation

This table is not applicable to the Department of Indian Affairs and Northern Development.



Table 5 – Resource Requirements (Budgetary) by Organization and Business Line

| (millions of dollars) | Business Lines | | | | Total |
|-----------------------------------------|----------------|------------------------------|------------------|----------------|----------------|
| | Claims | Indian and Inuit Programming | Northern Affairs | Administration | |
| Indian and Inuit Affairs Program | | | | | |
| (planned spending) | 367.3 | 3,771.6 | - | - | 4,138.9 |
| <i>(total authorities)</i> | <i>616.8</i> | <i>3,731.6</i> | - | - | <i>4,348.4</i> |
| (actuals) | 615.7 | 3,675.9 | - | - | 4,291.6 |
| Northern Affairs Program | | | | | |
| (planned spending) | - | - | 178.7 | - | 178.7 |
| <i>(total authorities)</i> | - | - | <i>185.2</i> | - | <i>185.2</i> |
| (actuals) | - | - | 178.9 | - | 178.9 |
| Administration Program | | | | | |
| (planned spending) | - | - | - | 65.1 | 65.1 |
| <i>(total authorities)</i> | - | - | - | <i>88.4</i> | <i>88.4</i> |
| (actuals) | - | - | - | 84.4 | 84.4 |
| Total | | | | | |
| (planned spending) | 367.3 | 3,771.6 | 178.7 | 65.1 | 4,382.7 |
| <i>(total authorities)</i> | <i>616.8</i> | <i>3,731.6</i> | <i>185.2</i> | <i>88.4</i> | <i>4,622.0</i> |
| (actuals) | 615.7 | 3,675.9 | 178.9 | 84.4 | 4,554.9 |
| % of Total | 13.5% | 80.7% | 3.9% | 1.9% | 100.0% |

Total authorities are main estimates plus supplementary estimates plus other authorities. Due to rounding figures may not add to totals shown.



Table 6 – Revenues to the Vote

This table is not applicable to the Department of Indian Affairs and Northern Development.



Table 7 – Revenues to the Consolidated Revenue Fund

| (millions of dollars) | Actual 1995-96 | Actual 1996-97 | Planned Revenue 1997-98 | Actual 1997-98 |
|--------------------------------------------------|-------------------|-------------------|-------------------------------|-------------------|
| Claims | | | | |
| Return on investments: | | | | |
| • Native claimants | 7.1 | 7.0 | 7.1 | 5.8 |
| Other non-tax revenue | 9.5 | 9.5 | 9.5 | 9.5 |
| Sub-total (Claims) | 16.6 | 16.5 | 16.6 | 15.3 |
| Indian and Inuit Programming | | | | |
| Goods and services tax | 0.3 | 0.3 | 0.3 | 0.3 |
| Return on investments: | | | | |
| • Indian economic development fund | 0.9 | 1.0 | 0.9 | 0.8 |
| Recovery from guaranteed loans | 0.4 | 0.7 | 0.4 | 0.4 |
| Refunds of previous years' expenditures | 5.0 | 10.4 | 5.0 | 16.3 |
| Adjustment of prior year's payables at year end | 6.0 | 1.4 | 6.0 | 1.1 |
| Privileges, licences and permits | 0.2 | 0.2 | 0.2 | 0.2 |
| Services and service fees | - | - | - | - |
| Proceeds from: | | | | |
| • Sales | 0.5 | 0.3 | 0.5 | 0.2 |
| • Disposal of surplus Crown assets | 0.1 | 0.1 | 0.1 | 0.1 |
| Other non-tax revenue | 0.6 | - | 0.6 | - |
| Sub-total (Indian and Inuit Programming) | 14.0 | 14.3 | 14.0 | 19.4 |
| Northern Affairs | | | | |
| Goods and Services Tax | - | 0.1 | - | 0.1 |
| Return on investments: | | | | |
| • Norman Wells Project profits | 99.8 | 107.9 | 30.3 | 7.0 |
| • Other | 3.8 | 2.9 | 2.8 | 2.3 |
| Refunds of previous years' expenditures | 2.0 | 0.3 | 2.0 | 1.0 |
| Adjustments of prior year's payables at year end | 0.1 | 2.4 | 0.1 | 0.1 |
| Canada mining | 7.3 | 5.4 | 5.0 | 6.2 |
| Yukon quartz mining | 5.8 | 1.2 | 2.0 | 1.3 |
| Placer mining fees | 0.2 | 0.2 | 0.2 | 0.2 |
| Quarrying royalties | 0.2 | 0.4 | 0.6 | 0.2 |
| Coal leases | - | - | - | - |
| Metallic and non-metallic | 0.1 | 0.1 | - | 0.1 |
| Oil and gas royalties | 7.7 | 15.2 | 6.8 | 8.6 |
| Oil and gas forfeitures | 10.8 | 0.9 | - | 0.8 |
| Forestry | 1.8 | 2.6 | 3.0 | 3.7 |
| Land, building and machinery rentals | 0.5 | 0.8 | 0.5 | 0.8 |
| Land use fees | 0.1 | 0.4 | 0.1 | 0.2 |
| Other fees, rentals, licences | - | - | - | - |
| Living accommodation and services | 0.6 | 0.5 | 0.4 | 0.1 |
| Proceeds from: | | | | |
| • Sales | 0.2 | 0.3 | 0.2 | 0.3 |
| • Disposal of surplus Crown assets | - | - | - | - |
| Other non-tax revenues | - | 0.1 | - | - |
| Sub-total (Northern Affairs) | 140.9 | 141.8 | 54.1 | 32.9 |



| (millions of dollars) | Actual 1995-96 | Actual 1996-97 | Planned Revenue 1997-98 | Actual 1997-98 |
|------------------------------------------------------------------------------|-------------------|-------------------|-------------------------------|-------------------|
| Administration | | | | |
| Refunds of previous years' expenditures | 0.1 | 0.1 | 0.1 | 0.1 |
| Adjustments of prior year's payables at year end | 0.1 | - | 0.1 | 0.1 |
| Living accommodation and services | - | - | - | - |
| Service and service fees | - | - | - | - |
| Proceeds from disposal of surplus Crown assets | - | - | - | - |
| Other non-tax revenues | - | - | - | - |
| Sub-total (Administration) | 0.2 | 0.1 | 0.2 | 0.2 |
| Total Revenues Credited to the Consolidated Revenue Fund (Department) | 171.7 | 172.7 | 84.8 | 67.8 |
| Canadian Polar Commission | - | - | - | - |

Due to rounding figures may not add to totals shown.



Table 8 – Statutory Payments

| (millions of dollars) | | | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|--------------------------------|---------------------------------|-------------------|
| Business Lines | Actual 1995–96 | Actual 1996–97 | Planned Spending 1997–98 | Total Authorities 1997–98 | Actual 1997–98 |
| Claims | | | | | |
| Grant to the Inuvialuit Regional Corporation under the <i>Western Arctic (Inuvialuit) Claims Settlement Act</i> | 20.0 | 20.0 | 32.0 | 32.0 | 32.0 |
| Grants to Aboriginal organizations designated to receive claim settlement payments pursuant to Comprehensive Land Claim Settlement Acts | 95.9 | 118.3 | 119.9 | 124.6 | 124.6 |
| Grassy Narrows and Islington Bands Mercury Disability Board | - | - | - | - | - |
| Payment pursuant to Section 30 of the <i>Crown Liabilities and Proceedings Act</i> in respect of judgement in favour of the Blueberry and Doig River Bands | - | - | - | 147.0 | 147.0 |
| Court awards | 0.1 | 0.1 | - | 3.2 | 3.2 |
| Contributions to employee benefit plans | 2.0 | 2.3 | 2.2 | 2.2 | 2.2 |
| Sub-total (Claims) | 118.0 | 140.7 | 154.1 | 309.0 | 309.0 |
| Indian and Inuit Programming | | | | | |
| Forgiveness of loans issued from Indian housing assistance account | 0.1 | - | - | - | - |
| Liabilities in respect of loan guarantees made to Indians for housing and economic development (<i>Indian Act</i>) | 0.1 | 2.0 | 2.0 | 1.5 | 1.5 |
| Indian annuities (<i>Indian Act</i>) | 1.6 | 1.8 | 1.4 | 1.5 | 1.5 |
| Payment from the Consolidated Revenue Fund of guaranteed loans issued out of the Indian economic development account | - | - | - | 33.0 | 0.3 |
| Contributions to employee benefit plans | 11.7 | 11.1 | 13.2 | 13.2 | 13.2 |
| Refunds of amounts credited to revenues in previous years | - | - | - | - | - |
| Spending of proceeds from the disposal of surplus Crown assets | 0.1 | 0.1 | - | 0.1 | 0.1 |
| Sub-total (Indian and Inuit Programming) | 13.5 | 15.0 | 16.6 | 49.4 | 16.6 |



| (millions of dollars) | | | | | |
|--------------------------------------------------------------------------------------|---------------------------|---------------------------|-----------------------------------------|------------------------------------------|---------------------------|
| Business Lines | Actual 1995-96 | Actual 1996-97 | Planned Spending 1997-98 | Total Authorities 1997-98 | Actual 1997-98 |
| Northern Affairs | | | | | |
| Payments to comprehensive claim beneficiaries in compensation for resource royalties | 1.7 | 1.6 | 1.4 | 1.2 | 1.2 |
| Contributions to employee benefit plans | 4.5 | 5.0 | 5.4 | 5.4 | 5.4 |
| Refunds of amounts credited to revenue in previous years | 0.4 | 0.3 | - | 0.4 | 0.4 |
| Spending of proceeds from the disposal of surplus Crown assets | - | - | - | 0.1 | - |
| Sub-total (Northern Affairs) | 6.7 | 6.9 | 6.8 | 7.0 | 7.0 |
| Administration | | | | | |
| Minister of Indian Affairs and Northern Development - Salary and motor car allowance | - | - | - | - | - |
| Contributions to employee benefit plans | 3.6 | 4.9 | 5.6 | 5.6 | 5.6 |
| Spending of proceeds from the disposal of surplus Crown assets | - | - | - | - | - |
| Sub-total (Administration) | 3.7 | 5.0 | 5.6 | 5.6 | 5.6 |
| Total Statutory Payments (Department) | 141.9 | 167.6 | 183.2 | 371.1 | 338.3 |
| Canadian Polar Commission | | | | | |
| Contributions to employee benefit plans | - | 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 9 – Transfer Payments

| (millions of dollars) | | | | | |
|-------------------------------------------------|---------------------------|---------------------------|-----------------------------------------|------------------------------------------|---------------------------|
| Business Lines | Actual 1995-96 | Actual 1996-97 | Planned Spending 1997-98 | Total Authorities 1997-98 | Actual 1997-98 |
| Grants | | | | | |
| Claims | 286.1 | 254.8 | 277.4 | 327.8 | 327.8 |
| Indian and Inuit Programming | 155.4 | 148.6 | 234.2 | 165.7 | 165.7 |
| Northern Affairs | 2.5 | 0.8 | 0.7 | 0.7 | 0.7 |
| Administration | - | - | - | - | - |
| Total Grants | 444.0 | 404.1 | 512.3 | 494.3 | 494.3 |
| Contributions | | | | | |
| Claims | 37.0 | 35.1 | 46.3 | 47.3 | 47.3 |
| Indian and Inuit Programming | 3,117.3 | 3,394.5 | 3,362.9 | 3,361.3 | 3,351.7 |
| Northern Affairs | 65.9 | 63.3 | 79.5 | 84.2 | 83.9 |
| Administration | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Total Contributions | 3,220.7 | 3,493.3 | 3,489.2 | 3,493.2 | 3,483.5 |
| Total | | | | | |
| Claims | 323.2 | 289.9 | 323.7 | 375.1 | 375.1 |
| Indian and Inuit Programming | 3,272.6 | 3,543.0 | 3,597.1 | 3,527.0 | 3,517.5 |
| Northern Affairs | 68.5 | 64.1 | 80.3 | 84.9 | 84.6 |
| Administration | 0.5 | 0.5 | 0.5 | 0.5 | 0.5 |
| Total Transfer Payments (Department) | 3,664.7 | 3,897.4 | 4,001.5 | 3,987.5 | 3,977.7 |
| 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 10 – Capital Spending by Business Line**

| (millions of dollars) | | | | | |
|------------------------------------------------|-------------------|-------------------|--------------------------------|---------------------------------|-------------------|
| Business Lines | Actual 1995–96 | Actual 1996–97 | Planned Spending 1997–98 | Total Authorities 1997–98 | Actual 1997–98 |
| Claims | 0.7 | 0.5 | - | 1.2 | 1.2 |
| Indian and Inuit Programming | 553.9 | 611.4 | 543.2 | 594.5 | 594.5 |
| Northern Affairs | 2.5 | 0.2 | 1.0 | 3.4 | 3.4 |
| Administration | 1.4 | 2.4 | 0.2 | 2.8 | 2.8 |
| Total Capital Spending (Department) | 558.5 | 614.5 | 544.4 | 602.0 | 602.0 |
| 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 11 – Capital Projects (Projects valued at \$10 million or more)

| (millions of dollars) | Current Estimated Total Cost | Actual 1995–96 | Actual 1996–97 | Planned Spending 1997–98 | Total Authorities 1997–98 | Actual 1997–98 |
|--------------------------------------------------|------------------------------------|-------------------|-------------------|--------------------------------|---------------------------------|-------------------|
| Indian and Inuit Programming | | | | | | |
| Infrastructure | | | | | | |
| <i>Atlantic</i> | | | | | | |
| Davis Inlet Relocation ¹ | 109.4 | - | 0.7 | 10.4 | 6.9 | 6.9 |
| <i>Ontario</i> | | | | | | |
| Wapekeka – Servicing Phase 1 | 10.7 | - | 1.1 | - | - | - |
| <i>Manitoba</i> | | | | | | |
| Berens River – Water and Sewer | 13.4 | 0.1 | 2.3 | 7.0 | 4.6 | 4.6 |
| God’s Lake – Water and Sewer | 28.4 | - | - | 3.0 | - | - |
| North Central Electrification ¹ | 106.4 | 16.0 | 52.0 | 10.8 | 14.8 | 14.8 |
| Poplar River – Water and Sewer | 12.5 | 0.2 | 0.3 | 6.7 | - | - |
| Red Sucker Lake – Water and Sewer | 18.1 | - | - | 2.0 | - | - |
| Sandy Bay – Water and Sewer | 17.1 | 3.2 | 3.0 | - | 0.2 | 0.2 |
| St. Theresa Point – Water and Sewer (Phase I) | 10.9 | - | - | - | 6.2 | 6.2 |
| Wasagamack Airstrip | 11.6 | 0.1 | - | 3.0 | - | - |
| Mathias Colomb – Water and Sewer | 20.9 | 0.6 | 2.0 | 7.5 | 8.7 | 8.7 |
| Sub-total (Infrastructure) | 359.4 | 20.2 | 61.4 | 50.4 | 41.4 | 41.4 |

¹ See status report in Table 12.



| (millions of dollars) | Current Estimated Total Cost | Actual 1995-96 | Actual 1996-97 | Planned Spending 1997-98 | Total Authorities 1997-98 | Actual 1997-98 |
|----------------------------------------------------------------------------------------|------------------------------------|-------------------|-------------------|--------------------------------|---------------------------------|-------------------|
| Education Facilities | | | | | | |
| <i>Manitoba</i> | | | | | | |
| Cross Lake Middle School | 14.8 | - | 8.2 | 3.0 | - | - |
| Garden Hill School Phase II | 31.5 | - | - | 4.5 | - | - |
| Mathias Colomb School | 16.9 | - | 0.7 | 9.5 | - | - |
| St. Theresa Point School Phase I | 22.2 | - | - | 0.9 | 8.7 | 8.7 |
| Sub-total (Education Facilities) | 85.4 | - | 8.9 | 17.9 | 8.7 | 8.7 |
| Land Acquisition | | | | | | |
| <i>Quebec</i> | | | | | | |
| Kanesatake Land Unification) | 37.4 | 0.4 | - | 8.3 | 0.8 | 0.8 |
| Sub-total Indian and Inuit Programming (Projects \$10 million and over) | 482.2 | 20.6 | 70.3 | 76.6 | 50.9 | 50.9 |
| Other Capital Expenditures | | 537.9 | 544.2 | 467.8 | 551.1 | 551.1 |
| Total Capital Spending | | 558.5 | 614.5 | 544.4 | 602.0 | 602.0 |

Total authorities are main estimates plus supplementary estimates plus other authorities.
Due to rounding figures may not add to totals shown.



Table 12 – Status of Major Crown Projects

Project Name: Mushuau Innu Relocation Project (Davis Inlet Relocation)

1. Overview

On November 13, 1996, the Mushuau Innu Band Council, the Government of Canada, and the Government of Newfoundland and Labrador executed the Mushuau Innu Relocation Agreement (MIRA). Under the terms of the Agreement, the Mushuau Innu of Davis Inlet will build a new village at a site on the adjacent mainland known as Natuashish.

2. Lead and Participating Departments

| | |
|------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Sponsoring Department: | <ul style="list-style-type: none">• Indian and Northern Affairs Canada |
| Lead Participant: | <ul style="list-style-type: none">• Mushuau Innu Band Council |
| Other Participant: | <ul style="list-style-type: none">• Province of Newfoundland and Labrador |
| Contracting Authority: | <ul style="list-style-type: none">• Mushuau Innu Band Council |
| Other Contributors: | <ul style="list-style-type: none">• Canadian Environmental Assessment Agency• Environment Canada• Public Works & Government Services Canada• Atlantic Canada Opportunities Agency• Department of Fisheries & Oceans• Royal Canadian Mounted Police• Transport Canada• Human Resources Development Canada• Health Canada• Justice Canada• Industry Canada |

3. Prime and Major Sub-Contractors

(Firms and Joint Ventures with over 500 person days of employment through June 1998)

- | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none">• Mushuau Innu Construction• H.J. O'Connell• Old Mokami Construction• Construction Polaris• Michaudville | <ul style="list-style-type: none">• Pittman Enterprises• Mushuau Innu Camp and Catering• East Coast Catering• Davis Engineering & Associates |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|



4. Major Milestones

Statement of Political Commitments by Canada: February 25, 1994
Mushuau Innu accept Statement of Political Commitments: April 15, 1994
Preliminary Treasury Board approval: October 31, 1996
Mushuau Innu relocation agreements signed by DIAND, the province of Newfoundland and Labrador, and Mushuau Innu: November 13, 1996
Effective Treasury Board Approval of Phase I construction: June 18, 1998
Planned Treasury Board submission for Phase II (final)
Construction: February 1999

5. Progress

- Barge Landing Site is complete (November 1997)
- Main access road is approximately 50 percent complete (September 1998)
- Clearing of airstrip has been completed (November 1997)
- Townsite water and sewer has commenced (June 1998)
- Crushing and stockpiling of aggregate has commenced (June 1998)
- Maintenance garage is 80 percent completed (September 1998)
- Camp and catering is providing full services to all contractors

6. Industrial Benefits

Approximately 20 percent of the project management costs are allocated for direct involvement of the Mushuau Innu. Community employment and band revenue opportunities have been generated through Mushuau Innu Band Council's joint venture companies such as Mushuau Innu Camp and Catering (51 percent owned the Band Council) and Mushuau Innu Construction Limited (awarded a contract valued at slightly below \$3.5 million for the construction of the access road, airstrip and air passenger terminal) which provide goods and/or services to the project. It is expected the Band Council will continue to explore other economic development measures within the limits of the Relocation Agreement.



Project Name: Manitoba North Central Electrification Project

1. Overview

The Manitoba North Central Electrification Project is the latest and largest in a series of projects cost shared by DIAND and Manitoba and/or Manitoba Hydro to extend the benefits of full service electrical service to First Nation communities. It replaces limited capacity diesel systems at the First Nation communities of Oxford House, God's Lake, God's River; Red Sucker Lake, Garden Hill, St. Theresa Point, Wasagamack, and the off-reserve community of Island Lake.

2. Lead and Participating Departments

| | |
|---------------------------------|------------------------------------------------------------------------------------------------------------|
| Sponsoring Department: | <ul style="list-style-type: none">• Indian and Northern Affairs Canada |
| Primary Participating Agencies: | <ul style="list-style-type: none">• Government of Manitoba• Manitoba Hydro |
| Contracting Authority: | <ul style="list-style-type: none">• Manitoba Hydro |
| Other Contributors: | <ul style="list-style-type: none">• Transport Canada• Royal Canadian Mounted Police |

3. Prime and Major Sub-Contractors

(Firms and Joint Ventures with over 500 person days of employment through June 1998)

- Arnason Industries
- Comstock Canada
- Crown Caisson Industries Ltd.
- Garden Hill First Nation
- God's Lake Narrows First Nation/Comstock Joint Venture
- God's Lake Narrows First Nation
- God's Lake Narrows First Nation/Rohl Construction Joint Venture
- Hugh Monroe Construction
- Kistiganwacheeng Development Corporation (KDC)
- KDC/Arnason Joint Venture
- Oxford House First Nation/Comstock Canada Joint Venture
- Oxford House First Nation
- Red Sucker Lake Distribution Line Joint Venture
- Red Sucker Lake First Nation
- Rohl Construction/God's River First Nation Joint Venture
- Rohl Construction
- SDS Drilling
- Valard Construction Ltd.
- Wasagamack First Nation/Arnason Joint Venture
- Wasagamack First Nation
- Wasagamack First Nation/Comstock Joint Venture



4. Major Milestones

Preliminary Project Approval: May 1991
Amended Preliminary Approval: March 1994
Effective Approval: February 1995
Canada/Manitoba – Manitoba Hydro Agreement
Signed: March 1992
Amended: May 1995

5. Progress

The Manitoba North Central Electrification Project has been successful in providing full service electrical service to First Nation communities of Oxford House, God's Lake, God's River; Red Sucker Lake, Garden Hill, St. Theresa Point, Wasagamack, and the off-reserve community of Island Lake.

Oxford House was converted to landline service on schedule in July 1997 and God's Lake and God's River went on line September 1997, ten months ahead of schedule. It is anticipated that all communities will be hooked up to power grid by the fall of 1999.

6. Industrial Benefits

- a) All but one construction contracts were awarded to First Nation companies or joint ventures of First Nation and private sector firms.
- b) North Central community residents, almost all First Nations peoples, accounted for 53 percent of the 99,264 calendar days of on-site employment generated through June 1998. First Nations persons from other areas made up another one percent. With one major construction season remaining the original local employment targets for the complete project have been met.



Table 13 – Loans, Investments and Advances

| (millions of dollars) | Actual 1995–96 | Actual 1996–97 | Planned Spending 1997–98 | Total Authorities 1997–98 | Actual 1997–98 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------|-------------------|--------------------------------|---------------------------------|-------------------|
| Business Lines – Loans | | | | | |
| Claims | | | | | |
| Loans to native claimants in accordance with terms and conditions approved by the Governor in Council for the purpose of defraying costs related to research, development and negotiation of claims | 24.6 | 22.8 | 21.9 | 28.0 | 28.0 |
| Loans to the Council of Yukon Indians for interim benefits to the Yukon Elders | 0.8 | 0.8 | 0.5 | 0.8 | 0.7 |
| Loans to First Nations in British Columbia for the purpose of supporting First Nations' participation in the British Columbia Treaty Commission process | 16.4 | 20.2 | 24.2 | 24.2 | 22.6 |
| Sub-total (Claims) | 41.8 | 43.8 | 46.5 | 53.0 | 51.3 |
| Indian and Inuit Programming | | | | | |
| Loans - construction of houses (net) | (0.1) | (0.1) | - | 19.8 | (0.1) |
| Loans and loan guarantees through the Indian economic development account (net) | (2.9) | (2.2) | - | 46.7 | - |
| Sub-total (Indian and Inuit Programming) | (3.0) | (2.2) | - | 66.5 | (0.2) |
| Northern Affairs | | | | | |
| 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 (net) | (0.8) | - | - | 6.5 | - |
| Loans for the establishment or expansion of small businesses in the Yukon Territory through the Yukon Territory small business loans account (net) | - | - | - | 5.0 | - |
| Sub-total (Northern Affairs) | (0.8) | - | - | 11.9 | - |
| Administration | - | - | - | - | - |
| Total (Department) | 38.0 | 41.5 | 46.5 | 131.4 | 51.1 |
| 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 14 – Revolving Fund Financial Summaries

This table is not applicable to the Department of Indian Affairs and Northern Development.



Table 15 – Contingent Liabilities

| (millions of dollars) List of Contingent Liabilities | Amount of Contingent Liability | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------|----------------|---------------------------------|
| | March 31, 1996 | March 31, 1997 | Current as of March 31, 1998 |
| Loans | | | |
| On-reserve Housing: | | | |
| • CMHC and other approved lenders | 966.4 | 997.8 | 1,014.7 |
| • Farm Credit Corporation | 0.2 | 0.2 | 0.2 |
| Indian Economic Development Guarantee Fund | 2.1 | 2.4 | 2.2 |
| Yukon Energy Corporation | 0.3 | - | - |
| Claims and Pending and Threatened Litigation | | | |
| Litigation | 4,906.1 | 7,549.3 | 2,185.5 |
| Non-litigation | 645.7 | 618.5 | 173.0 |
| Specific Claims | - | - | 1,436.9 |
| Comprehensive Native Land Claims | 622.8 | 581.2 | 756.2 |
| Total (Department) | 7,143.6 | 9,749.4 | 5,568.6 |
| Sick Leave | | | |
| <p>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 which will become payable in future years cannot reasonably be determined and accordingly have not been recorded in the information provided. Payments of sick leave benefits are included in current operations as incurred.</p> | | | |

Due to rounding figures may not add to totals shown.



Section V – Consolidating Reporting Initiatives

Sustainable Development Initiatives

In 1997, DIAND tabled its first Sustainable Development Strategy (SDS) in Parliament in response to the 1995 amendments to the *Auditor General Act*. The implementation of SDS and *Gathering Strength* at the same time is opportune. The goals and actions of both include renewing partnerships, strengthening Aboriginal governance, and building strong communities. The principles of sustainable development help direct the way in which DIAND will conduct its business. They emphasize openness, accountability, fair and equitable opportunities for First Nations and Northern peoples, respect for diverse cultures and traditional values, fiscal responsibility, the efficient use of natural resources, and development that leaves choices available for future generations.

DIAND's SDS goals for the Indian and Inuit Affairs and the Northern Affairs Programs (NAP) are similar. Integrating sustainable development into DIAND decision-making processes is common to both programs. Both reflect the need to establish or maintain partnerships with their clients and other government departments. Healthy environments are also a common goal. While emphasis differs, there are goals and objectives for both programs that contribute to the development and maintenance of sound natural resource management regimes and the creation of economic development opportunities. In both programs, attention is paid to the maintenance of traditional knowledge and culture. A goal of NAP is to meet DIAND's international obligations in support of sustainable development. DIAND also has targets and actions for its internal operations. This part of SDS is entitled "Putting our House in Order".

Implementation Issues

DIAND's senior management is committed to the full integration of social, cultural, economic and environmental factors in its programs and priorities. This will be supported by existing planning and accountability systems, and through integration of SDS performance measures and indicators with program indicators for initiatives such as *Gathering Strength*. This will enable the department to assess the effectiveness of its programs and initiatives in meeting program as well as SDS objectives. The department will be supporting the integration and implementation of SDS with appropriate training in techniques for applying SDS concepts and principles in their work.



Regulatory Initiatives

No key regulatory initiatives were completed during the period ending March 31, 1998. Three key regulatory initiatives forecast for 1997 in the Federal Regulatory Plan were carried forward and reported in the department's Report on Plans and Priorities (RPP), 1998-99. One of the three key initiatives, the Mackenzie Valley Land Use Regulations, was given final approval on August 25, 1998. The other two initiatives, the Yukon Placer and Yukon Quartz Mining Land Use Regulations and the Mackenzie Valley Preliminary Screening Requirement Regulations and Exemption List Regulations were pre-published on July 25, 1998, and as indicated in DIAND's 1998-99 Report on Plans and Priorities, are expected to be in place during 1998-99.



Section VI – Supplementary Information

Contacts for Further Information and Departmental Web Sites

Department of Indian Affairs and Northern Development

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10 Wellington St., North Tower
Hull, Quebec
Postal Address:
Ottawa, Ontario K1A 0H4

Internet
<http://www.inac.gc.ca>

Departmental Library Publications and Public Enquiries

- Publications and Public Enquiries (819) 997-0380
E-mail: InfoPubs@inac.gc.ca
- Departmental Library (819) 997-0811
E-mail: Reference@inac.gc.ca
- Departmental Librarian and Manager, Publications and Public Enquiries (819) 997-8205
- Reference Librarian (819) 953-8604
- Inter-Library Loans (819) 994-1347

Internet

- Internet Webmaster (819) 997-8204

Media Relations — Communications

- Contact: (819) 997-8404
- Contact: (819) 997-8410

Statistical Enquiries (socio-demographic)

- Contact: (819) 953-9999
- E-mail: Instat@inac.gc.ca

Canadian Polar Commission

Suite 1710
Constitution Square
360 Albert Street
Ottawa, Ontario
K1R 7X7
(613) 943-8605

**Regional Offices****Atlantic Region**

Indian and Northern Affairs Canada
P.O. Box 160
40 Havelock Street
Amherst, Nova Scotia
B4H 3Z3
(902) 661-6200
fax: (902) 661-6237

Quebec Region

Indian and Northern Affairs Canada
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Roy
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fax: (418) 648-4075

Ontario Region

Indian and Northern Affairs
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(416) 973-6234
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Manitoba Region

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Winnipeg, Manitoba
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fax: (204) 983-7820

Saskatchewan Region

Indian and Northern Affairs Canada
2221 Cornwall Street
Regina, Saskatchewan
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fax: (306) 780-5733

Alberta Region

Indian and Northern Affairs
Canada
630 Canada Place
9700 Jasper Avenue
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(403) 495-2773
fax: (403) 495-4088

British Columbia Region

Indian and Northern Affairs Canada
Suite 340
1550 Alberni Street
Vancouver, British Columbia
V6G 3C5
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fax: (604) 666-2546

Northwest Territories Region

Indian and Northern Affairs Canada
P.O. Box 1500
Yellowknife, Northwest Territories
X1A 2R3
(403) 669-2500
fax: (403) 669-2709

Yukon Region

Indian and Northern Affairs
Canada
345-300 Main Street
Whitehorse, Yukon
Y1A 2B5
(403) 667-3100
fax: (403) 667-3196

**Federal Treaty Negotiation
Office**

Comprehensive Claims Branch
Indian and Northern Affairs Canada
P.O. Box 11576
650 West Georgia Street
Suite 2700
Vancouver, British Columbia
V6B 4N8
(604) 775-7114
fax: (604) 775-7149

Federal Treaty Negotiation Office

Comprehensive Claims Branch
Indian and Northern Affairs Canada
309 - 1230 Government Street
Victoria, British Columbia
V8W 2Z4
(604) 363-6910
fax: (604) 363-6911

Indian Oil and Gas Canada

Suite 100
9911 Chula Boulevard
Tsuu T'ina (Sarcee), Alberta
T2W 6H6
(403) 292-5625
fax: (403) 292-5618

Nunavut Implementation**Commission**

P.O. Box 1109
Iqaluit, Northwest Territories.
X0A 0H0
(819) 979-4199
fax: (819) 979-6862



Legislation and Associated Regulations

Legislation Administered by the Department

The Minister has the sole responsibility to Parliament for the following Acts:

| | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| <i>British Columbia Indian Cut-Off Lands Settlement Act</i> | S.C., 1984, c. 2 |
| <i>British Columbia Indian Lands Settlement Act</i> | S.C., 1919-1920, c. 51 |
| <i>British Columbia Treaty Commission Act</i> | S.C., 1995, c. 45 |
| <i>Canada-Yukon Oil and Gas Accord Implementation Act</i> | S.C., 1998, c. 5 |
| <i>An Act Respecting the Caughnawaga Indian Reserve and to Amend the Indian Act</i> | S.C., 1934, c. 29 |
| <i>Cree-Naskapi (of Quebec) Act</i> | S.C., 1984, c. 18 |
| <i>Department of Indian Affairs and Northern Development Act</i> | R.S.C., 1985 c. I-6 |
| <i>Fort Nelson Indian Reserve Minerals Revenue Sharing Act</i> | S.C., 1983-84, c. 38 |
| <i>Grassy Narrows and Islington Indian Bands Mercury Pollution Claims Settlement</i> | S.C., 1986, c. 23 |
| <i>Gwich'in Land Claim Settlement Act</i> | S.C., 1992, c. 53 |
| <i>Indian Act</i> | R.S.C., 1985, c. I-5 |
| <i>Indian Lands Agreement (1986) Act</i> | S.C., 1988, c. 39 |
| <i>Indian Lands Settlement of Differences Act (B.C.)</i> | S.C., 1920, c. 51 |
| <i>Indian Oil and Gas Act</i> | R.S.C., 1985, c. I-7 |
| <i>Indian (Soldier Settlement) Act</i> | R.S.C., 1927, c. 98 |
| <i>James Bay and Northern Quebec Native Claims Settlement Act</i> | S.C., 1976-77, c. 32 |
| <i>Land Titles Act</i> | R.S.C., 1985, c. I-5 |
| <i>Land Titles Repeal Act</i> | S.C., 1993, c. 41 |
| <i>Mi'kmaq Education Act</i> | S.C., 1998, c. 24 |
| <i>Mackenzie Valley Resource Management Act</i> | S.C., 1998, c. 25 |
| <i>Nelson House First Nation Flooded Land Act</i> | S.C., 1997, c. 29 |
| <i>An Act to confirm an Agreement between the Government of Canada and the Government of the Province of New Brunswick respecting Indian Reserves</i> | S.C., 1959, c. 47 |
| <i>Northern Canada Power Commission (Share Issuance and Sale Authorization) Act</i> | S.C., 1988, c.12 |
| <i>Northern Canada Power Commission Yukon Assets Disposal Authorization Act</i> | S.C., 1987, c. 9 |
| <i>Northwest Territories Act</i> | R.S.C., 1985, c. N-27 |
| <i>Northwest Territories Waters Act</i> | R.S.C., 1992, c. 39 |
| <i>An Act to confirm an Agreement between the Government of Canada and the Government of the Province of Nova Scotia respecting Indian Reserves</i> | S.C., 1959, c. 50 |
| <i>Nunavut Act</i> | S.C., 1993, c. 28 |
| <i>An Act to Amend the Nunavut Act and the Constitution Act, 1867</i> | S.C., 1998, c. 15 |
| <i>Nunavut Land Claims Agreement Act</i> | S.C., 1993, c. 29 |
| <i>An Act for the settlement of certain questions between the Government of Canada and Ontario respecting Indian Reserve Lands</i> | S.C., 1924, c. 48 |

**Legislation Administered by the Department (continued)**

| | |
|----------------------------------------------------------------------------------------|--------------------------------------------|
| <i>Pictou Landing Indian Band Agreement Act</i> | <i>S.C., 1995, c. 4</i> |
| <i>St. Peter's Indian Reserve Act</i> | <i>S.C., 1916, c. 24</i> |
| <i>St. Regis Islands Act</i> | <i>S.C., 1926-27, c. 37</i> |
| <i>Sahtu Dene and Metis Land Claim Settlement Act</i> | <i>S.C., 1994, c. 27</i> |
| <i>Saskatchewan Treaty Land Entitlement Act</i> | <i>S.C., 1993, c. 11</i> |
| <i>Sechelt Indian Band Self-Government Act</i> | <i>S.C., 1986, c. 27</i> |
| <i>An Act Respecting the Songhees Indian Reserve</i> | <i>S.C., 1911, c. 24</i> |
| <i>Split Lake Cree First Nation Flooded Land Act</i> | <i>S.C., 1994, c. 42</i> |
| <i>Territorial Lands Act</i> | <i>R.S.C., 1985, T-7</i> |
| <i>Western Arctic (Inuvialuit) Claims Settlement Act</i> | <i>S.C., 1984, c. 24</i> |
| <i>York Factory First Nation Flooded Land Act</i> | <i>S.C., 1997, c. 28</i> |
| <i>Yukon Act</i> | <i>R.S.C., 1985, c. Y-2</i> |
| <i>Yukon First Nations Lands Claims Settlement Act</i> | <i>S.C., 1994, c. 34</i> |
| <i>Yukon First Nations Self-Government Act</i> | <i>S.C., 1994, c. 35</i> |
| <i>Yukon Placer Mining Act</i> | <i>R.S.C., 1985, c. Y-3</i> |
| <i>Yukon Quartz Mining Act</i> | <i>R.S.C., 1985, c. Y-4</i> |
| <i>Yukon Waters Act</i> | <i>S.C., 1992, c. 40</i> |
| <i>An Act to amend the Yukon Quartz Mining Act and the Yukon Placer Mining Act</i> | <i>S.C., 1996, c. 27</i> |
| <i>Yukon Surface Rights Board Act</i> | <i>S.C., 1994, c. 43</i> |
| <i>The Minister shares responsibility to Parliament for the following Acts:</i> | |
| <i>Alberta Natural Resources Act</i> | <i>S.C., 1930, c. 3</i> |
| <i>Arctic Waters Pollution Prevention Act</i> | <i>R.S.C., 1985, c. A-12</i> |
| <i>British Columbia Indian Reserves Mineral Resources Act</i> | <i>S.C., 1943-44, c. 19</i> |
| <i>Canada Lands Survey Act</i> | <i>R.S.C., 1985, c. L-6</i> |
| <i>Canada Oil and Gas Operations Act</i> | <i>R.S.C., 1985, c. O-7</i> |
| <i>Canada Petroleum Resources Act</i> | <i>R.S.C., 1985, c. 36 (2nd Supp.)</i> |
| <i>Canadian Polar Commission Act</i> | <i>S.C., 1991, c. 6</i> |
| <i>Condominium Ordinance Validation Act</i> | <i>S.C., 1985, c. 46</i> |
| <i>Dominion Water Power Act</i> | <i>R.S.C., 1985, c. W-4</i> |
| <i>Federal Real Property Act</i> | <i>S.C., 1991, c. 50</i> |
| <i>Manitoba Natural Resources Act</i> | <i>R.S.C., 1930, c. 29</i> |
| <i>Manitoba Supplementary Provisions Act</i> | <i>R.S.C., 1927, c. 124</i> |
| <i>Natural Resources Transfer (School Lands) Amendment Act, 1961</i> | <i>S.C., 1960-61, c. 62</i> |
| <i>Railway Belt Act</i> | <i>R.S.C., 1927, c. 116</i> |
| <i>Railway Belt and Peace River Block Act</i> | <i>S.C., 1930, c. 37</i> |
| <i>Railway Belt Water Act</i> | <i>R.S.C., 1927, c. 211</i> |
| <i>Saskatchewan Natural Resources Act</i> | <i>S.C., 1930, c. 41</i> |



Regulations Currently in Force in the Department

Indian and Inuit Affairs Program

Cree-Naskapi (of Quebec) Act

Cree-Naskapi Band Election Regulations
Cree-Naskapi Land Registry Regulations
Cree-Naskapi Long-Term Borrowing Regulations
Form of Deeds Relating to Certain Successions
Form of Instrument of Cession Regulations
Inuk of Fort George Observer Regulations

Indian Act

Calculation of Interest Regulations
Disposal of Forfeited Goods and Chatels Regulations
Indian Band Council Procedure Regulations
Indian Bands Council Method of Election Regulations
Indian Band Election Regulations
Indian Band Council Borrowing Regulations
Indian Bands Revenue Moneys Regulations and Order
Indian Estates Regulations
Indian Mining Regulations
Indian Referendum Regulations
Indian Reserve Traffic Regulations
Indian Reserve Waste Disposal Regulations
Indian Timber Regulations
Stuart-Trembleur Lake Band (Tanizul Timber Ltd.) Regulations

Indian Lands Agreement (1986) Act

Specific Agreement Confirmation Regulations

Indian Oil and Gas Act

Indian Oil and Gas Regulations, 1995

Northern Affairs Program

Appropriation Acts

Northern Mineral Exploration Assistance Regulations
Prospector's Assistance Terms and Conditions Order

Arctic Waters Pollution Prevention Act

Arctic Waters Pollution Prevention Regulations

Canada Petroleum Resources Act

Lancaster Sound Designated Area Regulations

Dominion Water Power Act

Dominion Water Power Regulations
Astoria River Water Power Regulations
Horseshoe Falls Water Power Regulations
Kananaskis Falls Water Power Regulations
Kananaskis Falls and Horseshoe Falls Water Power Regulations, 1997

**Regulations Currently in Force in the Department (continued)*****Northwest Territories Act***

Northwest Territories Archaeological Sites Regulations
Northwest Territories Reindeer Regulations

Northwest Territories Waters Act

Northwest Territories Water Regulations

Nunavut Act

Order Modifying the Laws Governing the Nunavut First Elections
Order Respecting the First Legislative Assembly of Nunavut

Territorial Lands Act

Canada Mining Regulations
Cadillac Explorations Limited Lease Regulations, 1977
Cape Bathurst Regulations
Government Employees Land Acquisition Orders
Northwest Territories Mining Districts Order
Sam Otto Lease Regulations
Territorial Coal Regulations
Territorial Quarrying Regulations
Territorial Lands Regulations
Territorial Dredging Regulations
Territorial Land Use Regulations
Union Carbide Canada Limited Mineral Claim Extension Regulations
Yukon Timber Regulations
Yukon Forest Protection Regulations

Yukon Act

Yukon Archaeological Sites Regulations

Yukon Quartz Mining Act

Yukon Quartz Mining Act Work Relief Regulations, 1979

Yukon Quartz Mining Act/Yukon Placer Mining Act

Prohibition of Entry on Certain Lands Orders

Yukon Waters Act

Yukon Territory Water Regulations
Yukon Territory Water Board Rules of Procedure

Note: Four regulations related to the administration of oil and gas rights on frontier lands are shared with Natural Resources Canada (NRCan). NRCan has the lead role in administering these regulations.



Statutory Annual Reports and Other Departmental Reports

Listing of Statutory and Key Departmental Reports

Statutory Reports

- Northern Oil and Gas Annual Report

Key Departmental Reports

- Report on Plans and Priorities
- Basic Departmental Data
- Annual Northern Expenditure Plan
- Northern Indicators
- Indian Register by Sex and Population



Key Reviews Completed in 1997–98¹

Results of Program Evaluation Studies

***Interim Evaluation of the DIAND Youth Strategy:** The Youth Strategy is targeted to First Nations and Inuit youth from elementary to post-secondary level. The main objectives are: to assist students in obtaining career related work experience; promote science and technology as a career opportunity; and establish or enhance existing cooperative education programs. The interim evaluation was completed during 1997–98, focussing on the initial year of the Strategy's implementation and its short term impacts. The initial implementation of the Strategy was viewed to be very successful. The Strategy positively impacted participating youths by: helping them acquire experience in various fields, increasing self-esteem and promoting a desire to stay-in-school. Suggestions to develop programs for both out-of-school and unemployed youth have been addressed by adding two new programs to the renewed Strategy. Following the recommendations of the review, an Action Plan has been prepared focussing on capacity building among First Nations and Inuit organizations implementing the Strategy, resource allocation for program administration purposes, and reporting practices.

***Audit and Evaluation of DIAND's Tribal Council Policy:** DIAND's Tribal Council Policy was designed to encourage the move toward self-government and to expand opportunities in Aboriginal communities through devolution of services. An audit and an evaluation of DIAND's Tribal Council Policy were completed in June 1996 and June 1997 respectively. The evaluation was conducted in order to determine whether or not the policy is operating as designed. It concluded that there is continued rationale for the Tribal Council Policy, and that it is widely supported. In addition, the policy has encouraged innovation, and many councils now carry out responsibilities beyond what the department funds, thus creating additional opportunities. As a result of the audit and evaluation, Action Plans have been prepared to address the need to allow for increased management flexibility for Tribal Councils to better meet the priorities of their member First Nations and to strengthen policy implementation, while enhancing accountability and reporting mechanisms so that benefits to communities are optimized.

Results of Audits

***Workforce Adjustment Directive and Early Retirement Incentive Program Audit:** The audit assessed the application of and compliance with the Treasury Board's policies and directives for the Workforce Adjustment (WFA) and the Early Retirement Incentive (ERI) programs at headquarters and in the Atlantic, Ontario and Saskatchewan regions. The audit found that these four regions of the department were in compliance with the central agency and departmental WFA/ERI directives and policies and procedures.

¹ Projects with an asterisk (*) can be located on the Internet at <http://www.incac.gc.ca/pubs/audit/index.html>

**Results of Audits (continued)**

***Pre-Implementation Audit of PeopleSoft:** The audit assessed the adequacy of the various controls in the implementation of the PeopleSoft Human Resource Management System (PS/HRMS) at headquarters. The audit concluded that the PS/HRMS has been implemented adequately, within the original estimated cost and within an acceptable time frame. The audit also found that there are sufficient controls to ensure the completeness and accuracy of data. As a result of this audit, an Action Plan is being implemented to ensure that the type of reports needed by system users are developed and that system security is improved. A post-implementation audit will be conducted at a later date.

***Audit of Security:** The audit assessed the management and administration of the departmental security function, and compliance with the Government Security Policy (GSP) and the Information Technology Security (IT) operational standards. Overall, security functions have improved since the last audit performed in 1992 and the framework for the management of security was found to be well maintained. An Action Plan based upon the audit's recommendations is being implemented. It involves annual reporting to monitor security concerns, ensuring that departmental policy is applied in the event of a security violation; improving the methodology for monitoring annual security planning by using the Threats and Risk Assessments (TRA); and, improving security awareness by increasing the accessibility of security policy and procedures and security awareness training.

Financial Audit of Indian Economic Development Fund (IEDF), Loan Guarantee Program, Year Ended March 31, 1997: The audit reviewed loan balances, records and transactions for the Loan Guarantee Program, as well as the financial management and administrative activities of IEDF. Findings indicate that the Loan Guarantee Program Schedule accurately presents the outstanding guaranteed as reflected by the department records, payments made and maximum contingent liabilities. Since the audit did not identify any deficient management practices and controls, no corrective action was required.

Audit of the Capital Projects and Operating and Maintenance Funding Management Regimes: This project examined the Capital Projects and Operating and Maintenance (O&M) Funding Management Regimes in all regions (except NWT) in order to assess specific procedures related to: risk assessment; value-for-money; project delivery; assurance of adequate maintenance; and, compliance with departmental requirements in the planning, implementation and evaluation of capital projects. An Action Plan based upon the audit's recommendations is being implemented to improve overall departmental compliance, monitoring and distribution of funds. In particular, the department has taken steps to ensure that First Nations funded by DIAND are required to complete an assessment of their accountability and management systems in order to ensure two-way accountability. Where weaknesses are identified, a development plan will be required from First Nations to strengthen management controls and accountability.

**Reviews**

Review of the Human Resources Branch (HRB): This review covered all aspects of departmental human resource management within the National Capital Region (NCR) Operations. The goal of this review was to examine HRB's services and business lines and determine whether its structure enabled it to achieve its priorities and those of the department. The review found that overall client satisfaction was high and managers are satisfied with the timeliness, service and value received from HRB. An Action Plan has been prepared focusing on HRB's organizational and management frameworks including areas such as improved business planning and the development of results-based performance indicators.

***Review of Management Practices - NWT Region:** The review assessed the NWT regional management practices, central agency and departmental policies and procedures and best practices. The review found the regional management practices in general are conducive to the attainment of the region's objectives and are compliant with the relevant policies. An Action Plan was developed in response to recommendations in the human resources and finance areas such as: ensuring that employees' training plans are aligned with regional priorities and ensuring that post-audits are conducted on a timely basis. A number of best practices were identified by the review team including: the use of a card access log to control, record and report upon access to the building; the development and use of an internal, computerized newsletter designed to obtain employee feedback; and, the use of feedback mechanisms by the Communications Directorate.

***Review of Management Practices - Quebec Region:** The review assessed management practices, activities and controls to help the region improve its operations, achieve better results, and identify best practices. An Action Plan was developed based on the following elements: promoting a sense of belonging at all levels; efficient use of staff abilities; increasing employee motivation and commitment; fostering an environment conducive to learning and information sharing; and promoting partnerships with First Nations. A number of best practices were identified such as: the creation of a regional contracting manual, the reorganization of Funding Services and an annual meeting of regional management and First Nation Chiefs and Councils.

***Management Practices Review of the Departmental Secretariat:** The review found that while the Secretariat is delivering the services required by the Minister's and Deputy Minister's offices in an effective manner, the operating environment is highly service oriented and demand driven, which can affect timeliness and quality of products. Recommendations and a corresponding Action Plan address the development of a strategic plan and organizational review. Other recommendations being addressed include the need for a risk assessment model to expedite the processing of ATIP requests, and the establishment performance and accountability measures.



Special Studies

DIAND's Operating Principles for Management of Risk: In support of the department's Leadership Profile, a series of risk management principles were developed to provide DIAND staff with rules-of-thumb to apply in undertaking structured assessments of risks facing DIAND, its First Nation and northern partners and other stakeholders. As a tool for making progress on the department's and the government's stated priorities, the principles encourage the adoption of innovative practices or procedures subject to systematic assessments of risks and benefits.

Accountability and Evaluation Framework for the Aboriginal Workforce Participation Initiative (AWPI): The Aboriginal Workforce Participation Initiative (AWPI) was established in 1991 to expand opportunities in Aboriginal communities through increased Aboriginal participation in the labour market by: a) increasing the general level of awareness about Aboriginal people and employment issues; b) increasing the capability among employers to recruit, promote and retain Aboriginal employees; and, c) expanding internal networking. *The Accountability and Evaluation Framework for the AWPI* was developed to assist in focussing program implementation and to ensure that an appropriate standardized results based, performance reporting regime is in place.

External Reviews

Office of the Auditor General, Follow-up of Recommendations in the On-Reserve Capital Facilities and Maintenance Report: This audit was a follow-up to the Auditor General's 1995 audit which examined the funding and delivery of capital and maintenance projects on reserve. The 1995 audit recommendations included: 1) identifying the mandate and objective of the activity; 2) reviewing the funding allocation framework; 3) assessing risk management in the evolving role of the department; 4) analysing project files; and 5) examining accountability for results. DIAND developed an Action Plan in view of resolving these issues. At the end of fiscal year 1997-98, the follow-up audit found that implementation of recommendation 1 was underway and the remaining recommendations had been completed.