

# NORTHERN EXPENDITURES

1998 / 1999

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First Nations and Northern Statistics Section

Corporate Information Management Directorate  
Information Management Branch  
Indian and Northern Affairs Canada

March 2003

Published under the authority of the  
Minister of Indian Affairs and  
Northern Development  
Ottawa, 2003  
[www.ainc-inac.gc.ca](http://www.ainc-inac.gc.ca)  
[http://www.inac-ainc.gc.ca/pr/pub/anep/anep9899\\_e.html](http://www.inac-ainc.gc.ca/pr/pub/anep/anep9899_e.html)  
1-800-567-9604  
ATS seulement 1-886-553-0554

QS-3602-010-BB-A1  
ISSN 1705-4737

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Services Canada

Cette publication peut aussi être obtenue  
en français sous le titre:

*Dépenses dans le Nord 1998/99*



# ACKNOWLEDGEMENTS

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*This publication has been prepared under the direction of Bonita Coole-Stevenson, A/Manager of First Nations and Northern Statistics Section, Corporate Information Management Directorate. The principal author of this 1998/1999 version of the Northern Expenditures report is Stéphane Godin, Statistical Officer, First Nations and Northern Statistics Section. Many thanks to Christiane Gour and Andrew Dalley for their assistance.*

*Many government organizations and individuals have also helped to make this publication possible. The support and assistance provided by co-ordinators in the contributing federal departments and agencies, the Government of the Northwest Territories and the Government of Yukon, the Northern Affairs Program and the Finance Branch of the Department of Indian Affairs and Northern Development are greatly appreciated.*

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# INTRODUCTION

## Background

The Northern Expenditure report (NE) is a regional overview of government expenditures and related government employment for the Northwest Territories and Yukon. The report consolidates information on expenditures and full-time equivalents (FTEs)<sup>1</sup> using actual utilization by the governments of the two Territories and by 26 federal departments and agencies and agencies with expenditures on programs and activities in, or related to, the North.

## Adjustments

NE is designed to report on northern expenditures by the agency that has the final responsibility for managing them. Because of the working relationships between some agencies and the movement of funds, expertise and services among these agencies, procedures to minimize double-counting of funds have been incorporated into the Report.

Two types of adjustments are built into the computer program to minimize double-counting: interagency transfers of funds and interagency sales and purchases.

- Interagency transfers take place when funds are sent from one reporting agency to another. The receiving agency has responsibility for administering the final disposition of the funds. In most cases, such transfers are from federal government departments to the territorial governments.
- Interagency sales and purchases occur when one reporting agency purchases goods and services from another. Ideally, the amounts reported as purchases by one agency would be balanced by sales reported by the selling agency, but limitations in financial systems make a certain amount of double-counting unavoidable in this situation.

## Policy Framework

The Northern Affairs Program provides the federal government's focus for formulation, co-ordination and implementation of programs in the territories of Canada's North. The fundamental goal of federal northern policy is to assist Northerners to develop durable political and economic institutions, enabling them to assume increasing responsibility for decisions that affect them directly. The essential objectives of federal northern policy are:

- finalizing and implementing northern Aboriginal claims;
- working with northern governments and Aboriginal people to further the political evolution of public governments, including division of the Northwest Territories and devolution of remaining provincial-type responsibilities to the territorial governments;
- protecting the northern environment, through initiatives like the Arctic Environment Strategy (AES) and the circumpolar Arctic Environmental Protection Strategy (AEPS);
- supporting sustainable economic development; and
- fostering international Arctic co-operation.

## Source of Data<sup>2</sup>

The federal departments and agencies and the governments of Northwest Territories and Yukon are surveyed each year on their annual expenditures in, or related to, the two territories. For this Report, Agencies were requested to provide data for a four-year period on direct expenditures from 1995/96 up to 1998/99.

Most of the data are based on actual expenditures contained in the Main Estimates series published by the federal and territorial governments and contributing Crown Corporations.

The expenditure and employment data collected constitute the northern expenditure reports of the federal and territorial governments. The Report includes not only expenditures in the North, but also those undertaken in the south when the expenditure is for the North.

## Notes

1. See Glossary for a definition of "FTE".
2. For this report, the terms *northern*, the *North* and *North of 60°* all refer to Yukon and the Northwest Territories. Expenditures for Arctic Quebec and Labrador, also North of 60°, are not included in this publication (see Map 1).

# OVERVIEW

Over the last 10 years, total government expenditures for the North gradually increased for subsequent years after their peak in 1991/92 when National Defence completed the major capital investment for the North Warning System.

The federal government direct expenditures and presence in the North have slightly increase even with program reductions by most federal agencies, and transfers of provincial-type programs to the territorial governments. Thereafter, the territorial government presence and share of direct Northern

expenditures has increased with those transfers of federal responsibilities.

The increased total, in 1993/94, was a result of higher expenditures by DIAND related to the funding required to implement settled Aboriginal Land Claims. In fact, with the signing and implementation of the Nunavut Land Claim Agreement in 1993/94, statutory expenditures for the implementation of land claims have become the primary factor influencing the doubling of DIAND's direct expenditures.

If National Defence and DIAND's expenditures for land claims were

extracted from federal expenditures, the overall trend of federal expenditures would be downward since 1992/93 as the majority of federal departments and agencies have reduced expenditures over the last years.

Since 1987/88, the larger program transfers have been the remainder of Health Services from Health Canada to the GNWT, the "A", "B" & "C" airports from Transport Canada to the territories, the Alaska Highway from Public Works and Government Services, and the Whitehorse General Hospital from Health Canada to the YTG.

**Map 1: The North (as defined by NE)**



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**Aboriginal Land Claims**

No new comprehensive land claim agreement were signed in 1998/99. However, this report includes the statutory payment of \$26.9 million for the implementation of the Council of Yukon Indians Land Claim Settlement.

For a complete list of northern claims, see Appendix 1.

**Devolution of Provincial-Type Responsibilities**

The following devolution agreement was implemented from 1995/96 to 1996/97. The agreed-upon budgets are normally incorporated into the federal formula funding transfer payment and paid directly to the territorial governments on a yearly basis.

The "A" airports (larger airports with longer runways) from Transport Canada to the YTG in 1996/97.

Discussions are continuing for the following transfer(s):

All remaining provincial-type responsibilities from INAC to the Yukon Government in fiscal year 1999-2000 including the management of forestry, minerals, land and water resources.

For a complete list of program transfers since 1987/88, see Appendix 2.

**Changes to Contributing Agencies**

The Canadian Coast Guard was transferred from the Department of Transport to the Department of Fisheries and Oceans effective April 1, 1995.

During 1995/96, DIAND transferred responsibility for the Formula Funding Grants to the Department of Finance thereby reducing DIAND transfers and total northern expenditures. Also, in 1996/97, the Department of Finance became responsible for the Canada Health and Social Transfer (CHST) payment, which replaced the Established Programs Financing (EPF) from Health Canada and Human Resources Development. The CHST is provided to all provinces and territories in support of health, post-secondary education, and social assistance programs.





# TREND IN GOVERNMENT NORTHERN EXPENDITURE

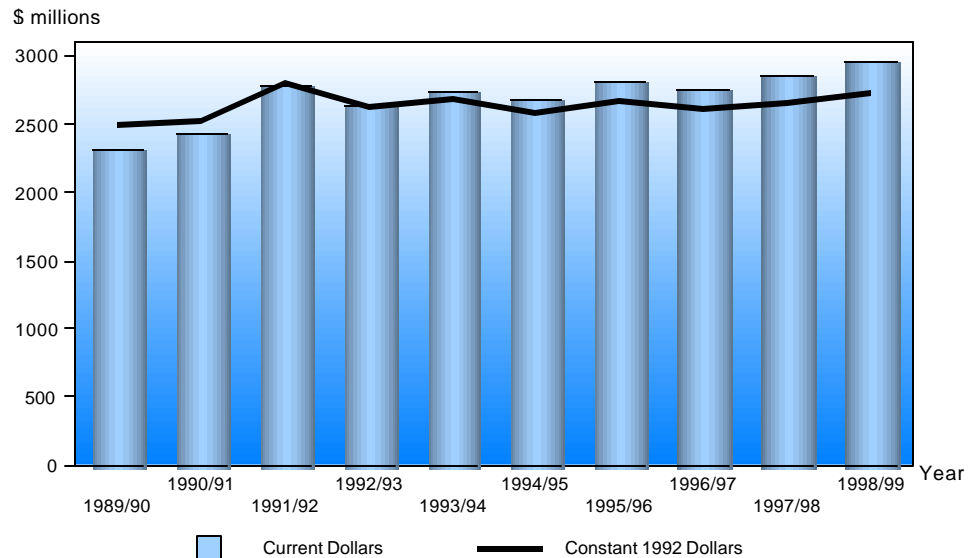
## Highlights

The trend in annual northern expenditures is shown on Graphs 1 and 2. Graph 1 shows the trend in total government expenditures both in current dollars and constant dollars<sup>1</sup>. The results show constant dollars as an inflated value for 1989/90 to 1991/92 and a deflated value for all subsequent years.

As shown in Graph 1, total actual expenditures for 1998/99 went up \$104.4 million or 3.7% from the 1997/98 expenditures. Over the period of data provided, total expenditures went up from \$2,304.3 million to \$2,947.9 million, an increase of \$643.6 million or 27.9% over 10 years.

The statutory expenditure required by the federal government to implement the Tungavik Federation of Nunavut Land Claim Agreement still has an impact (Graph 1) on total government expenditures. Although there was a decrease of 14% or \$17 million since the beginning of the implementation in 1993/94, DIAND expenditures on this land claim amounted to \$103.3 million in 1997/98 and \$104.8 million in 1998/99.

**Graph 1: Trend in Total Government Northern Expenditure (\$ millions)**

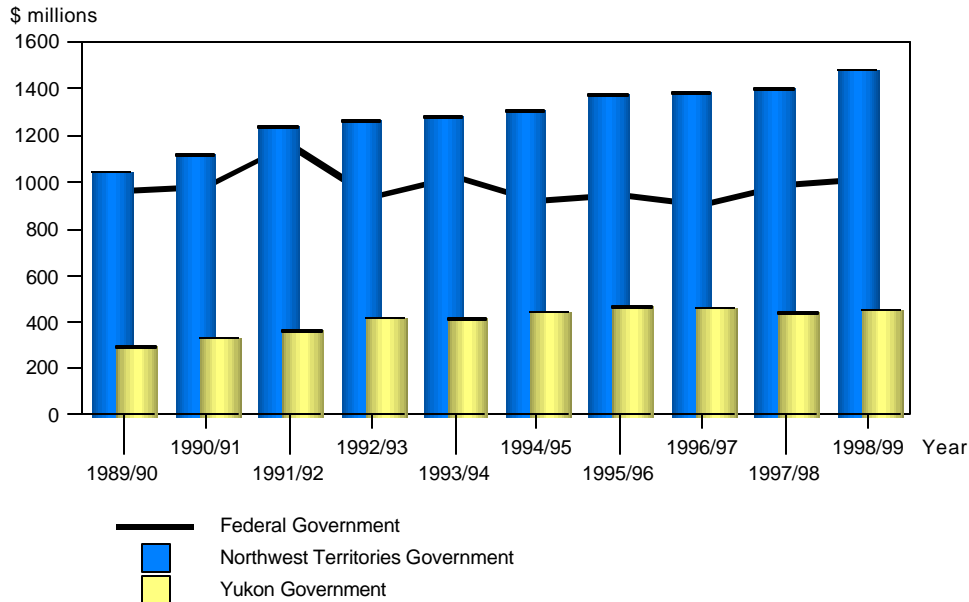


**Table 1: Total Government Northern Expenditure (\$ millions)**

Years	Current \$	Constant 1992 \$
1989/90 Actual	2,304.3	2,491.1
1990/91 Actual	2,428.4	2,532.2
1991/92 Actual	2,767.9	2,807.2
1992/93 Actual	2,630.2	2,630.2
1993/94 Actual	2,733.8	2,680.2
1994/95 Actual	2,676.3	2,585.8
1995/96 Actual	2,797.5	2,677.0
1996/97 Actual	2,752.8	2,609.3
1997/98 Actual	2,843.5	2,652.5
1998/99 Actual	2,947.9	2,729.5

### Note:

1. In this edition, constant dollars are calculated using 1992 dollars equal to 100. The constant dollar series was derived from the Gross Domestic Product Implicit Price Index (1992=100).

**Graph 2: Trend in Northern Expenditure by Government (\$ millions)****Highlights**

Also affecting the 1998/99 actuals was a GNWT increase of \$75.5 million or 5.4% over the 1997/98 actuals which is totaling more than \$1.4 billion as seen on Table 2.

The territorial government expenditures have continued to grow, primarily because of devolution of federal government responsibilities which impacted on their expenditures, especially for GNWT.

Graph 2 shows that the GNWT expenditures increased each year of the 10 year trend, although there was only a marginal increase in 1996/97. The major federal transfers that have taken place to date were implemented in 1993/94 (Appendix 2) and these programs have contributed to the increases in GNWT direct expenditure trend.

The devolution of federal programs to the territorial governments such as the Alaska Highway from Public Works; the Whitehorse General Hospital from Health Canada; and the "A", "B" and "C" airports from Transport Canada have had an impact on the federal changes over the years.

**Table 2: Northern Expenditures by Government (\$ millions)**

Years	Federal Government	Northwest Territories Government	Yukon Government
1989/90 Actual	963.4	1,046.4	294.5
1990/91 Actual	984.0	1,119.3	325.1
1991/92 Actual	1,162.9	1,242.0	363.1
1992/93 Actual	944.1	1,261.6	424.6
1993/94 Actual	1,025.0	1,283.8	425.0
1994/95 Actual	923.1	1,307.6	445.5
1995/96 Actual	951.9	1,371.0	474.5
1996/97 Actual	906.4	1,379.9	466.5
1997/98 Actual	990.7	1,403.5	449.3
1998/99 Actual	1,016.5	1,479.0	452.4

**Note:**

- Although some federal programs have been transferred to the YTG over the years, the federal government still continues to pay the costs of the transferred programs through the Formula Funding Transfer Grants.

# TREND IN GOVERNMENT NORTHERN EMPLOYMENT<sup>1</sup>

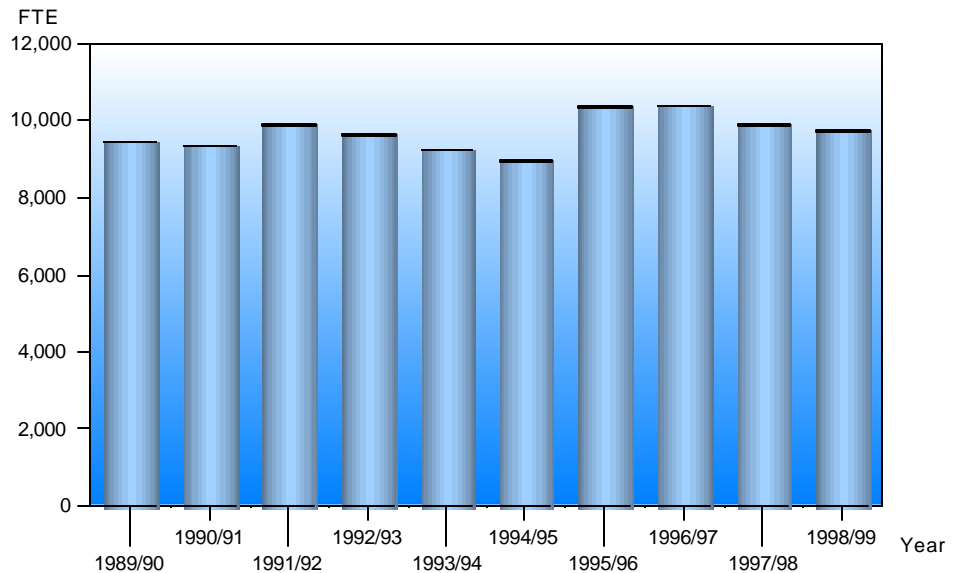
## Highlights

Graph 3 and Table 3 illustrates that over the period of data provided, total northern employment increased by only 284 FTEs or 3.0%, from 9,462 in 1989/90 to 9,746 in 1998/99. In 1998/99, there was a total decrease of 155 FTEs compared to 1997/98 (9,901) as federal governments had planned, and mostly realized, reductions in personnel.

Because of devolution of responsibilities, Transport Canada had a reduction over the 10 year trend of almost 80% in FTEs with transfers of "A, B&C" airports to government Territories.

But even if territorial devolution (such as the creation of school boards and transfers of "A, B&C" airports) affected the total federal governments FTEs, the total of all three governments northern employment has been at their highest adding up to 10,405 FTEs in 1996/97.

**Graph 3: Trend in Total Government Northern Employment (full-time equivalents)**



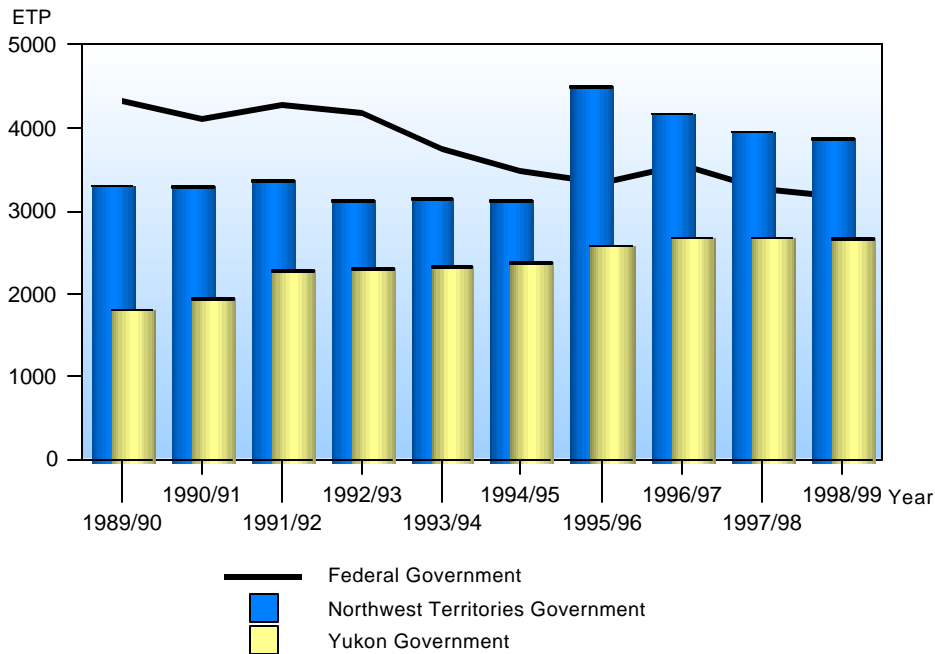
**Table 3: Government Northern Employment (full-time equivalents)**

Years	Northern Employment
1989/90 Actual	9,462
1990/91 Actual	9,363
1991/92 Actual	9,931
1992/93 Actual	9,632
1993/94 Actual	9,257
1994/95 Actual	9,012
1995/96 Actual	10,408
1996/97 Actual	10,405
1997/98 Actual	9,901
1998/99 Actual	9,746

**Note:**

1. See Glossary for a definition of "Government Employment".

**Graph 4: Trend in Northern Employment by Government (\$ millions)**



**Highlights**

Over the period of data provided (Graph&Table 4), total federal government FTEs have declined from 6,073 in 1987/88 to 3,184 in 1998/99, which represent a drop of 2,889 or more than 47%.

A number of factors accounted to this reduction again including devolution of provincial-type responsibilities from the federal government to the territorial governments, program reductions and territorial devolution of responsibilities to local boards and corporations.

In consequence, territorial governments FTEs never ceased to gradually increase, especially for YTG starting from 1,830 in 1987/88 rising up to 2,679 in 1998/99, an increase of 849 FTEs or 46.3% over the years.

No corresponding impact on FTEs can be seen in the Report since territorial employees were considered board employees and were no longer reported in the territorial Estimates. This situation occurred in 1993/94 and 1994/95 with the devolution of the Whitehorse General Hospital from Health Canada to Yukon Hospital Corporation.

**Table 4: Northern Employment by Government (full-time equivalents)**

Years	Federal Government	Northwest Territories Government	Yukon Government
1989/90 Actual	4,340	3,290	1,820
1990/91 Actual	4,114	3,298	1,951
1991/92 Actual	4,276	3,360	2,295
1992/93 Actual	4,191	3,128	2,313
1993/94 Actual	3,759	3,163	2,335
1994/95 Actual	3,488	3,143	2,381
1995/96 Actual	3,343	4,494	2,571
1996/97 Actual	3,565	4,167	2,673
1997/98 Actual	3,282	3,939	2,680
1998/99 Actual	3,184	3,883	2,679

# EXPENDITURE BY FINAL SPENDING AGENCY<sup>1</sup>

## Highlights

### Expenditure by Government

The proportion of Northern Expenditures by government is shown in Graph 5. Over the five year trend, the two territorial governments, along with the 26 federal departments and agencies, reported an increase in Northern expenditures of over 10% in total.

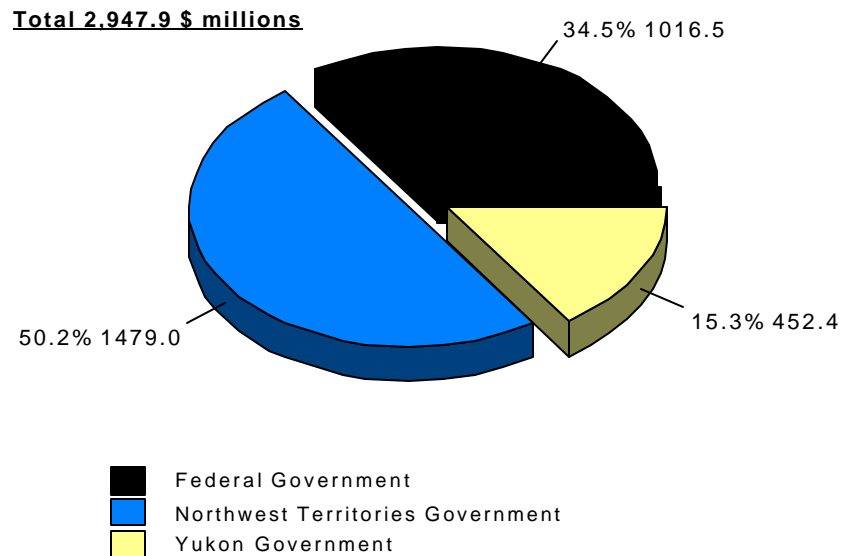
Between 1994/95 and 1998/99 the federal proportion of Northern expenditures surprisingly increased by 10.1%, while the GNWT proportion increase by 13.1% and the YTG by 1.5%. All territorial increases are mainly due to devolution of responsibilities by the federal departments and agencies.

### Expenditure by Federal Agency

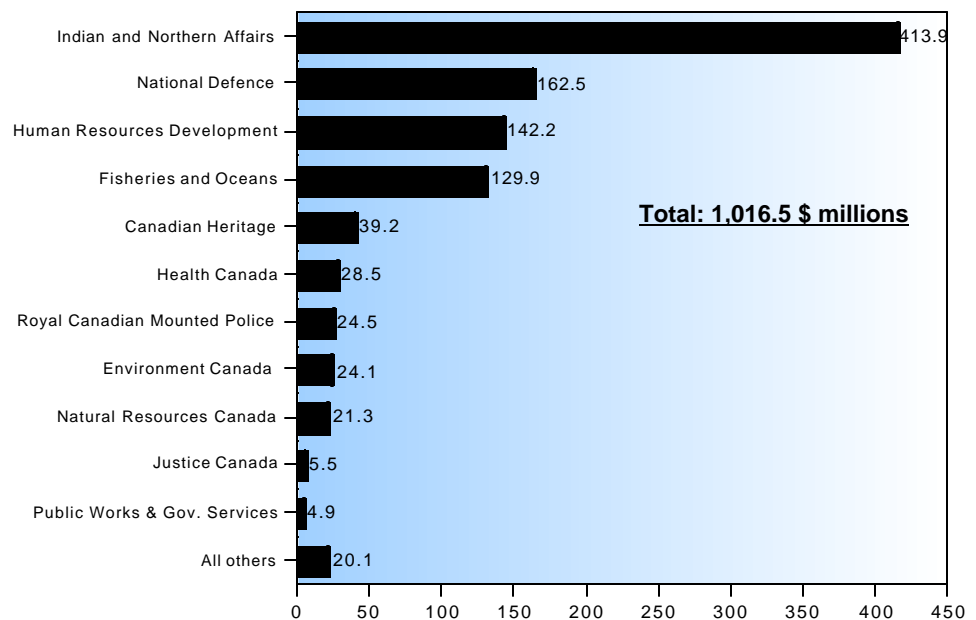
For the last number of years, National Defence had the largest direct northern expenditure, but it now has the second largest behind INAC.

Since the completion of the major capital input for the North Warning System in 1991/92, National Defence expenditures have decreased each year from a high of \$562.9 million in 1991/92 to \$162.5 million in 1998/99, a reduction of 71.1%, as shown in Graph 6 and Table 5.

Graph 5: 1998/99 Expenditure by Government (\$ millions)



Graph 6: 1998/99 Federal Expenditure by Agency (\$ millions)



**Note:**

1. All expenditures are by final spending agency and are net of transfers and sales to other reporting agencies. Federal agency expenditures which are presented in Graph 6 and Table 5 are in descending order of expenditure by the Agency carrying out the work.

For the past number of years, INAC had the largest direct northern expenditures. INAC direct expenditures more than doubled over the years starting from \$257.7 million in 1994/95 up to a high of \$413.9 million in 1998/99, which represent an increase of a little more than 60%.

Under the provisions of the Inuvialuit Final Agreement, the Inuvialuit received a total of \$152 million over 14 years, ending in 1997. That being said, in 1998/99 land claim expenditures have amounted up to \$163.2 million or 39.4% of the total northern expenditures for INAC.

The federal agencies with major decreases in 1998/99 included National Defence (primarily in capital expenditures);

Transport Canada with the transfers of the "A" airports to both GNWT and YTG Territories ; Canadian Heritage in the recreation and culture function; Environment Canada in the Atmospheric Environment activity; and Public Works and Government Services in the transportation and communications area.

Those with increases included DIAND with its obligations in land claims, Human Resources Development primarily in the social services function, Health Canada with the capital construction costs required for the new Whitehorse General Hospital, Fisheries and Oceans as a result of the Canadian Coast Guard transfer from Transport Canada in 1995/96 and Canada Mortgage and Housing Corporation with increased expenditures in the housing area.

**Table 5: Expenditure by Final Spending Agency (\$ millions)**

Agency	1994/95		1995/96		1996/97		1997/98		1998/99	
	\$	%	\$	%	\$	%	\$	%	\$	%
Indian Affairs and Northern Development	257.7	27.9	284.9	29.9	329.6	36.4	403.4	40.7	413.9	40.7
National Defence	256.6	27.8	224.0	23.5	155.4	17.1	157.1	15.9	162.5	16.0
Human Resources Development	119.1	12.9	118.6	12.5	124.3	13.7	134.3	13.6	142.2	14.0
Fisheries and Oceans	14.4	1.6	108.0	11.3	105.7	11.7	128.4	13.0	129.9	12.8
Canadian Heritage	41.7	4.5	26.2	2.8	21.0	2.3	40.2	4.1	39.2	3.9
Health Canada	28.8	3.1	36.5	3.8	38.4	4.2	29.2	2.9	28.5	2.8
Royal Canadian Mounted Police	21.8	2.4	11.5	1.2	22.4	2.5	20.6	2.3	24.5	2.4
Environment Canada	18.3	2.0	28.3	3.0	26.0	2.9	22.8	2.3	24.1	2.4
Natural Resources Canada	31.6	3.4	21.7	2.3	22.2	2.4	22.5	2.1	21.3	2.1
Justice Canada	5.0	0.5	5.5	0.6	5.8	0.6	5.3	0.7	5.5	0.5
Public Works and Government Services	7.3	0.8	5.1	0.5	3.9	0.4	3.6	0.5	4.9	0.5
Canada Mortgage & Housing Corporation	13.0	1.4	11.7	1.2	20.6	2.3	6.6	0.4	4.3	0.4
Transport Canada	94.5	10.2	54.3	5.7	16.6	1.8	3.3	0.4	3.7	0.4
Industry Canada	5.5	0.6	4.2	0.4	6.7	0.7	4.4	0.3	2.8	0.3
National Energy Board	0.7	0.1	1.1	0.1	0.0	0.0	2.0	0.2	2.2	0.2
Canada Custom and Revenue Agency	0.8	0.1	1.4	0.1	1.6	0.2	1.7	0.2	2.2	0.2
Federal Judicial Affairs	1.3	0.1	1.4	0.2	1.3	0.1	1.4	0.1	1.4	0.1
Correctional Service of Canada			1.6	0.2	1.5	0.2	1.3	0.1	1.2	0.1
Canadian Polar Commission	1.1	0.1	1.1	0.1	1.0	0.1	1.0	0.1	1.0	0.1
Veterans Affairs Canada	0.7	0.1	0.6	0.1	0.6	0.1	0.6	0.1	0.5	0.0
National Museums	1.0	0.1	1.0	0.1	0.8	0.1	0.3	0.0	0.4	0.0
Citizenship and Immigration Canada	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0	0.2	0.0
CDN Environmental Assessment Agency			1.0	0.1	0.3	0.0	0.1	0.0	0.1	0.0
National Parole Board									0.0	0.0
Public Service Commission	1.5	0.2	1.8	0.2	0.6	0.1	0.5	0.0	0.0	0.0
Agriculture and Agri-Food Canada	0.1	0.0	0.1	0.0	0.1	0.0	0.1	0.0	0.0	0.0
Finance Canada	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
National Research Council	0.6	0.1								
<b>Federal Total</b>	<b>923.1</b>	<b>100.0</b>	<b>952.0</b>	<b>100.0</b>	<b>906.4</b>	<b>100.0</b>	<b>990.7</b>	<b>100.0</b>	<b>1,016.5</b>	<b>100.0</b>
Federal Government	923.1	34.5	952.0	34.0	906.4	32.9	990.7	34.8	1,016.5	34.5
Northwest Territories Government	1,307.6	48.9	1,371.0	49.0	1,379.9	50.1	1,403.5	49.4	1,479.0	50.2
Yukon Government	445.5	16.6	474.5	17.0	466.5	16.9	449.3	15.8	452.4	15.3
<b>Total Government</b>	<b>2,676.2</b>	<b>100.0</b>	<b>2,797.5</b>	<b>100.0</b>	<b>2,752.8</b>	<b>100.0</b>	<b>2,843.5</b>	<b>100.0</b>	<b>2,947.9</b>	<b>100.0</b>

# EMPLOYMENT BY AGENCY

## Highlights

### Employment by Government

As shown in Graph 7, total government employment in 1998/99 was 9,746 FTEs, a net reduction of 155 FTEs from the year 1997/98. Federal and N.W.T. employment decreased by 3.0% (98 FTEs) and 1.4% (56 FTEs) respectively while Yukon employment remained the same).

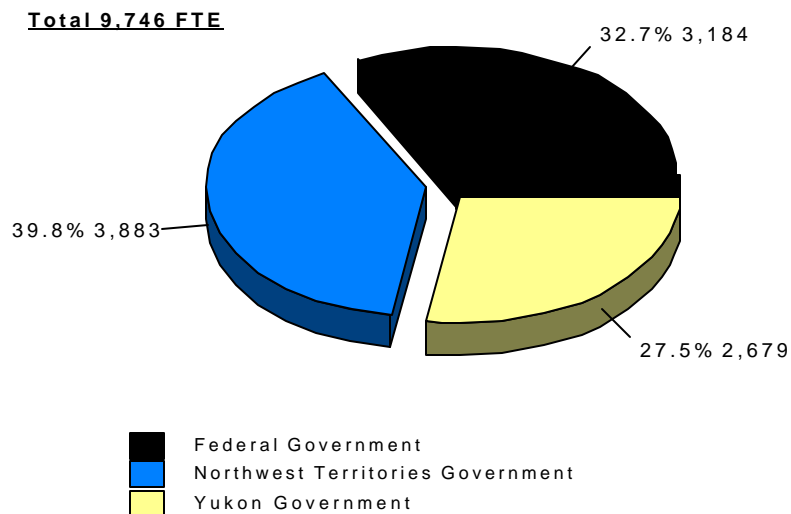
During the five years of data provided, the federal government proportion declined 8.7% through devolution to the territories and program reductions while the GNWT increased its share by 23.5% and the YTG by 12.5%.

Most of the federal decrease in 1998/99 reflected program reductions by a number of departments, including Fisheries and Oceans, Human Resources Development, Environment Canada and Public Works and Government Services.

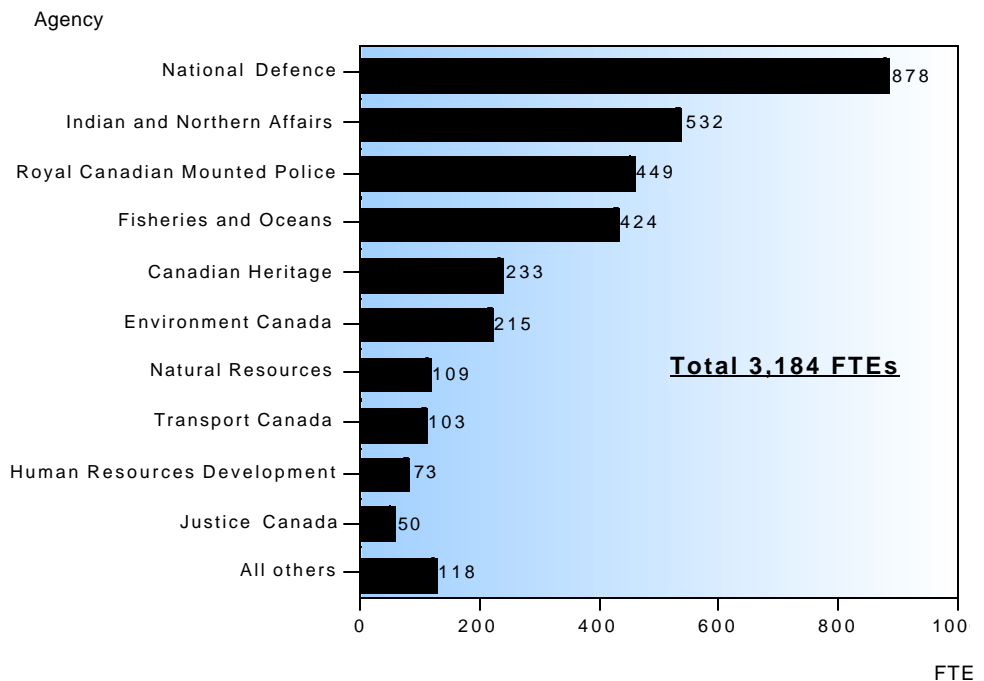
### Federal Employment by Agency

As illustrated in Graph 8, National Defence, DIAND and the Royal Canadian Mounted Police (RCMP) were still the largest employers with northern responsibilities in 1998/99.

Graph 7: 1998/99 Employment by Government (full-time equivalents)



Graph 8: 1998/99 Federal Employment by Agency (full-time equivalents)





During the five years of data provided, the major change has been the movement by Fisheries and Oceans from ninth to fourth place following the transfer of the Canadian Coast Guard from Transport Canada in 1995.

Transport Canada also devolved 79 FTEs to the territorial governments as part of the "A" airports devolutions and moved down to the eighth place behind National Resources Canada.

**Table 6: Employment (full-time equivalents) and Percentage Distribution by Agency<sup>2</sup>**

Agency	1994/95 Actual		1995/96 Actual		1996/97 Actual		1997/98 Actual		1998/99 Actual	
	FTE	%	FTE	%	FTE	%	FTE	%	FTE	%
National Defence	1,060	30.4	941	28.1	929	26.1	932	28.4	878	27.6
Indian Affairs and Northern Development	587	16.8	604	18.1	621	17.4	511	15.6	532	16.7
Royal Canadian Mounted Police	444	12.7	446	13.3	441	12.4	448	13.7	449	14.1
Fisheries and Oceans	119	3.4	68	2.0	453	12.7	473	14.4	424	13.3
Canadian Heritage	152	4.4	152	4.5	152	4.3	245	7.5	233	7.3
Environment Canada	166	4.8	246	7.4	263	7.4	210	6.4	215	6.8
National Resources Canada	207	5.9	172	5.1	156	4.4	109	3.3	109	3.4
Transport Canada	355	10.2	264	7.9	159	4.5	80	2.4	103	3.2
Human Resources Development	95	2.7	87	2.6	88	2.5	83	2.5	73	2.3
Justice Canada	46	1.3	50	1.5	51	1.4	52	1.6	50	1.6
Public Works and Government Services	50	1.4	46	1.4	20	0.6	36	1.1	31	1.0
Canada Custom and Revenue Agency	5	0.1	19	0.6	24	0.7	24	0.7	27	0.8
National Energy Board	6	0.2	12	0.4	0	0.0	14	0.4	14	0.4
Health Canada	126	3.6	149	4.5	149	4.2	13	0.4	12	0.4
National Museums	3	0.1	14	0.4	14	0.4	9	0.3	9	0.3
Canadian Polar Commission	6	0.2	0	0.0	7	0.2	7	0.2	7	0.2
Correctional Service of Canada	0	0.0	6	0.2	6	0.2	6	0.2	6	0.2
Can. Mortgage and housing Corporation	20	0.6	19	0.6	13	0.4	8	0.2	5	0.2
Industry Canada	6	0.2	5	0.1	5	0.1	4	0.1	4	0.1
Citizenship and Immigration Canada	3	0.1	2	0.1	3	0.1	2	0.1	2	0.1
CDN Environmental Assessment Agency			3	0.1	2	0.1	1	0.0	1	0.0
Agriculture and Agri-Food Canada	2	0.1	2	0.1	1	0.0	1	0.0	0	0.0
Federal Judicial Affairs	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
Finance Canada	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
National Parole Board									0	0.0
Public Service Commission	30	0.9	36	1.1	8	0.2	14	0.4	0	0.0
Veterans Affairs Canada	0	0.0	0	0.0	0	0.0	0	0.0	0	0.0
National Research Council	0	0.0								
<b>Federal Total</b>	<b>3,488</b>	<b>100.0</b>	<b>3,343</b>	<b>100.0</b>	<b>3,565</b>	<b>100.0</b>	<b>3,282</b>	<b>100.0</b>	<b>3,184</b>	<b>100.0</b>
Federal Government	3,488	38.7	3,343	32.1	3,565	34.3	3,282	33.1	3,184	32.7
Northwest Territories Government	3,143	34.9	4,494	43.2	4,167	40.0	3,939	39.8	3,883	39.8
Yukon Government	2,381	26.4	2,571	24.7	2,673	25.7	2,680	27.1	2,679	27.5
<b>Total Government</b>	<b>9,012</b>	<b>100.0</b>	<b>10,408</b>	<b>100.0</b>	<b>10,405</b>	<b>100.0</b>	<b>9,901</b>	<b>100.0</b>	<b>9,746</b>	<b>100.0</b>

**Notes:**

1. Two broad federal government policies had an impact on the reported FTEs in Table 6. The first, a part of the Northern Policy Framework, was the stated objective to devolve provincial-type programs and the second a national policy to reduce government size. The impact of these policies can be found in the above table.

# FEDERAL TRANSFERS<sup>1</sup> TO THE TERRITORIAL GOVERNMENTS

## Highlights

### Total Federal Transfers<sup>2</sup>

Total federal transfers to the territorial governments amounted to \$1,578 million in 1998/99, an increase of 15.5% from the 1997/98. These transfers represented 81.7% of the total territorial government expenditures for 1998/99.

Estimated revenues<sup>1</sup> generated by the territorial governments in 1998/99 were \$328.6 million and represented 17.0% of the direct territorial expenditures.

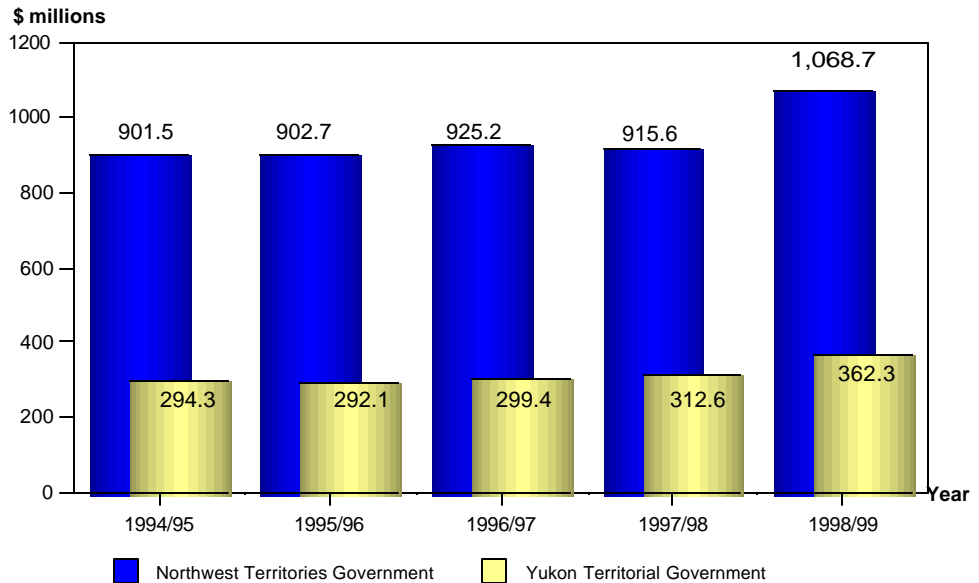
### Formula Transfers<sup>1, 3, 4</sup>

Formula Transfers from the federal government provide the basic funding to operate the territorial governments.

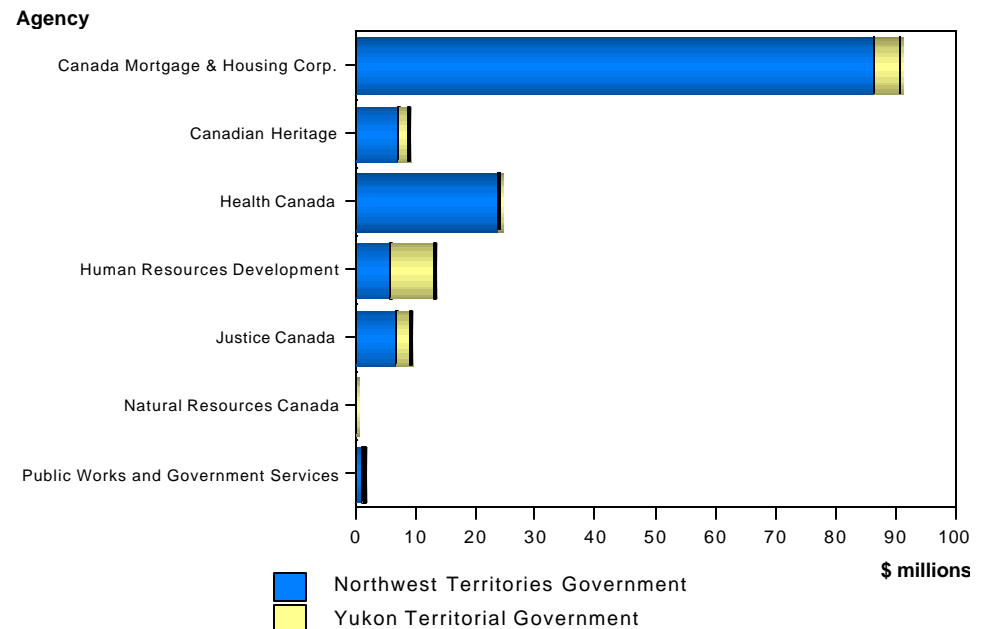
For 1998/99, formula transfer grants totaled \$1,431.0 million, an overall increase of 16.5% from the 1997/98 transfers (see Table 7).

As shown in Graph 9, formula transfers to the GNWT were \$1,068.7 million in 1998/99, 16.7% over 1997/98 transfers, and represented 72.3% of total expenditures in GNWT.

**Graph 9: Trend in Federal Formula Funding Grants to Territorial Governments (\$ millions)**



**Graph 10: 1998/99 Other Federal Transfers to Territorial Governments (\$ millions)**



**Notes:**

1. See Glossary for definitions of "Transfers", "Formula Transfers" and "Estimated Revenues".
2. Total federal transfers = federal formula grants + other federal transfers. See Glossary for a more detailed definition of total transfers.
3. During 1995/96, DIAND transferred responsibility for the Formula Funding Grants to the Department of Finance, thereby reducing DIAND transfers and total northern expenditures.
4. In 1996/97, the expenditures to operate the "A" airports in the N.W.T. were incorporated into the federal Formula Funding Grant.

Formula transfers to the YTG were \$362.3 million, an increase of 15.9% from the 1997/98 transfers and represented 80.0% of the total YTG expenditures for 1998/99.

#### **Other Transfers**<sup>1, 2</sup>

Other transfers to the territorial governments totaled \$146.8 million in 1998/99, an increase of 6.9% from the 1997/98 transfers, but an overall decrease compared to other years. Other transfers to the GNWT

in 1998/99 increased by 1.1% from 1997/98, but decreased by 49.8% over a five year trend.

As for YTG other transfers totalled \$16.5 million which doubled the 1997/98 transfers, but again had a major decrease of 73.5% over a five year trend, as most of the federal agencies reduced their transfers to the territories for 1997/98 and 1998/99.

**Table 7: Federal Transfers (\$ thousands) to the Territorial Governments**

	Territorial Government	1994/95 Actual	1995/96 Actual	1996/97 Actual	1997/98 Actual	1998/99 Actual
<b>Formula Transfers:</b>						
Indian Affairs and Northern Development	N.W.T.	901,478	n/a	n/a	n/a	n/a
Finance Canada	Yukon	294,317	n/a	n/a	n/a	n/a
	N.W.T.	n/a	902,666	925,247	915,573	1,068,682
	Yukon	n/a	292,088	299,352	312,620	362,315
<b>Total Formula Transfers</b>		<b>1,195,795</b>	<b>1,194,754</b>	<b>1,224,599</b>	<b>1,228,193</b>	<b>1,430,997</b>
<b>Other transfers:</b>						
Canada Mortgage & Housing Corp.	N.W.T.	107,997	94,397	88,839	92,997	86,290
	Yukon	4,153	4,173	5,451	3,164	4,245
Canadian Heritage	N.W.T.	8,283	6,962	5,913	2,415	6,950
	Yukon	3,874	6,293	3,340	2,032	1,756
Finance Canada	N.W.T.	275	527	145	(81)	0
	Yukon	947	168	(93)	(8)	0
Health Canada	N.W.T.	31,883	32,223	17,914	22,792	23,983
	Yukon	16,647	23,411	18,601	(219)	357
Human Resources Development	N.W.T.	47,333	48,792	18,262	3,235	5,491
	Yukon	17,120	19,899	970	866	7,548
Indian Affairs and Northern Development	N.W.T.	54,945	40,668	37,004	0	0
	Yukon	3,623	2,767	1,020	0	0
Justice Canada	N.W.T.	6,297	6,221	6,108	6,550	6,567
	Yukon	1,861	1,825	1,805	2,219	2,288
Natural Resources Canada	N.W.T.	79	70	23	118	102
	Yukon	335	208	0	0	0
Public Works and Government Services	N.W.T.	2,362	4,345	2,894	868	934
	Yukon	13,640	9,200	1,075	308	268
<b>Total Other Transfers</b>	<b>N.W.T.</b>	<b>259,454</b>	<b>234,205</b>	<b>177,102</b>	<b>128,894</b>	<b>130,317</b>
	<b>Yukon</b>	<b>62,200</b>	<b>67,944</b>	<b>32,169</b>	<b>8,362</b>	<b>16,462</b>
<b>Total Transfers</b>	<b>N.W.T.</b>	<b>1,160,932</b>	<b>1,136,871</b>	<b>1,102,349</b>	<b>1,044,467</b>	<b>1,198,999</b>
	<b>Yukon</b>	<b>356,517</b>	<b>360,032</b>	<b>331,521</b>	<b>320,982</b>	<b>378,777</b>

#### Notes:

1. See Glossary for a definition of "Other Transfers".

2. Starting in 1996/97, Finance Canada assumed responsibility for the Canada Health and Social Transfer which replaced the Established Programs Financing (EPF) from Health Canada and Human Resources Development. Consequently, other transfers from Finance Canada to the territorial governments increased from \$0.7 million to \$60.6 million, therefore reducing Health Canada and Human Resources Development transfers.

# EXPENDITURE BY LOCATION OF RESPONSIBILITY CENTRE<sup>1,2</sup>

## Highlights

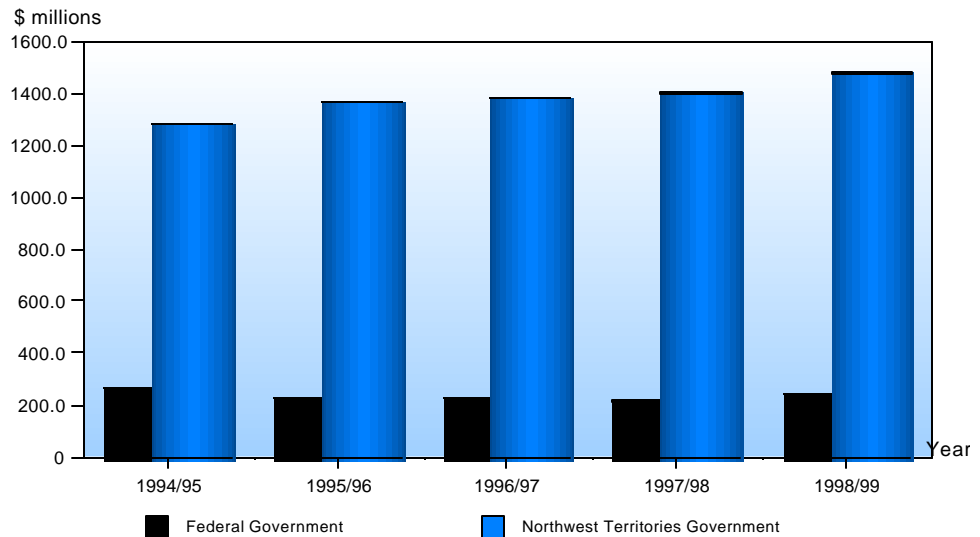
The total 1998/99 government expenditures and percentage distribution by regional location of responsibility centre are shown in Graphs 11, 12 and 13, and Table 6.

The proportion of total spending in each geographical location over the years shown in the three graphs remained approximately the same. Since 1994/95, the amount of spending in N.W.T. rose 0.2% to 57.7% and the proportion in southern Canada increased 2.4% to 21.4%. Spending in Yukon, meanwhile, decreased by 2.6% to 20.8%.

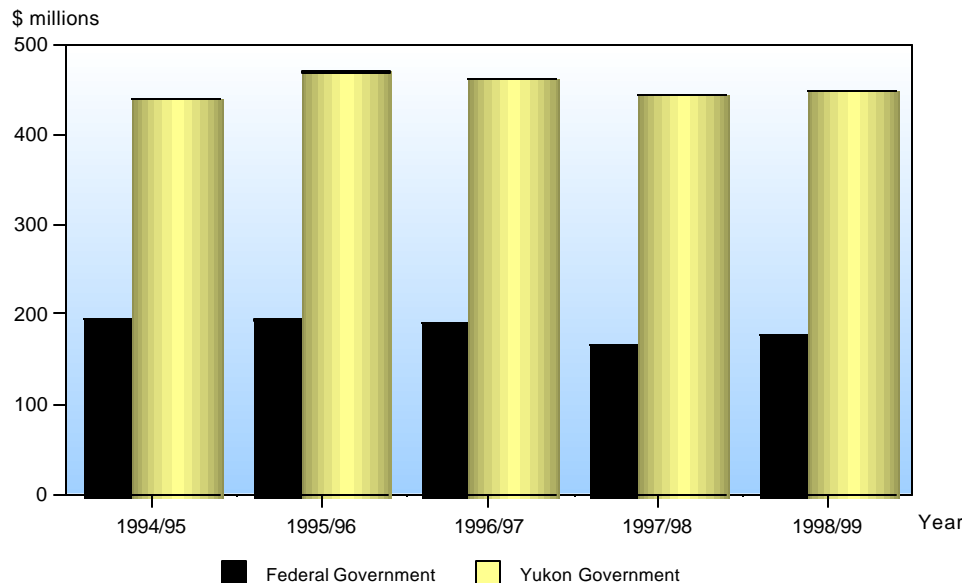
In the N.W.T. (Graph 11), GNWT expenditures increased from 1994/95 to 1998/99 while federal expenditures peaked in 1994/95 and then declined the next three years. Reduced federal expenditures came from the improved economy, reduced Employment Insurance payments and federal program cutbacks.

In Yukon (Graph 12), the YTG expenditures have increased by 2.0% from 1994/95 to 1998/99. The devolution of federal programs, such as the Alaska Highway and the Whitehorse General Hospital, have played a part in these

**Graph 11: Trend in Expenditure by Government in the Northwest Territories (\$ millions)**



**Graph 12: Trend in Expenditure by Government in Yukon (\$ millions)**



**Notes:**

1. See Glossary for a definition of "Location of Responsibility Centre".
2. The total annual expenditures shown here and in the Expenditure by Object section are higher than those presented in the other sections. This is due to the method used in adjusting for inter-agency sales and purchases to reduce double-counting.

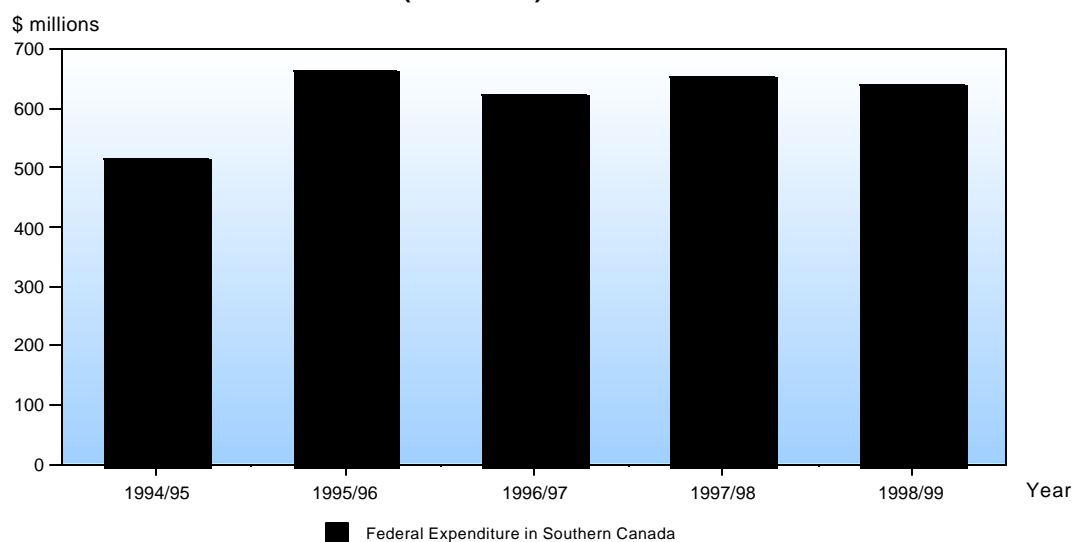
\$

territorial government expenditure increases.

The Health Canada payment for the construction of the new Whitehorse General Hospital, in conjunction with the transfer of responsibilities to the YTG, also had an impact on the YTG increased expenditures in recent years. As in the N.W.T., federal expenditures in Yukon peaked in 1994/95 and then declined the next three years. The improved economy and federal program cutbacks also had an impact on reducing federal expenditures in Yukon.

In Southern Canada (Graph 13), fluctuations in federal expenditures were influenced by a number of factors such as expenditure reductions by National Defence following the completion of the North Warning System, new statutory expenditures of DIAND for land claim settlements, devolutions of federal responsibilities and the program reductions by various departments. Even by giving these factors, still the federal expenditures transacted in southern Canada between 1994/95 and 1998/99 represented an increase of \$124.9 million or 24.3% over the five year period.

**Graph 13: Trend in Federal Expenditure in Southern Canada (\$ millions)**



**Table 8: Expenditures (\$ millions) by Regional Location of Responsibility Centre**

	1994/95		1995/96		1996/97		1997/98		1998/99	
	Actual	%	Actual	%	Actual	%	Actual	%	Actual	%
	\$		\$		\$		\$		\$	
<b>Total Government:</b>										
Northwest Territories	1,555.2	57.5	1,599.2	54.7	1,596.2	55.7	1,609.8	56.1	1,720.9	57.7
Yukon	633.5	23.4	661.3	22.6	649.5	22.7	608.2	21.2	621.6	20.8
Southern Canada	514.3	19.0	661.3	23.0	620.3	21.6	653.7	22.8	639.2	21.4
<b>Total</b>	<b>2,703.0</b>	<b>100.0</b>	<b>2,921.8</b>	<b>100.0</b>	<b>2,866.0</b>	<b>100.0</b>	<b>2,871.8</b>	<b>100.0</b>	<b>2,981.6</b>	<b>100.0</b>
<b>Federal Government:</b>										
Northwest Territories	268.7	27.5	228.1	21.1	216.3	21.7	206.3	20.1	242.0	22.9
Yukon	195.0	19.9	191.7	17.7	188.4	18.1	164.0	16.0	174.2	16.5
Southern Canada	514.3	52.6	661.3	61.2	620.3	60.2	653.7	63.8	639.2	60.6
<b>Total</b>	<b>978.0</b>	<b>100.0</b>	<b>1,081.1</b>	<b>100.0</b>	<b>1,025.0</b>	<b>100.0</b>	<b>1,024.0</b>	<b>100.0</b>	<b>1,055.2</b>	<b>100.0</b>

# EMPLOYMENT BY REGIONAL LOCATION OF RESPONSIBILITY CENTRE

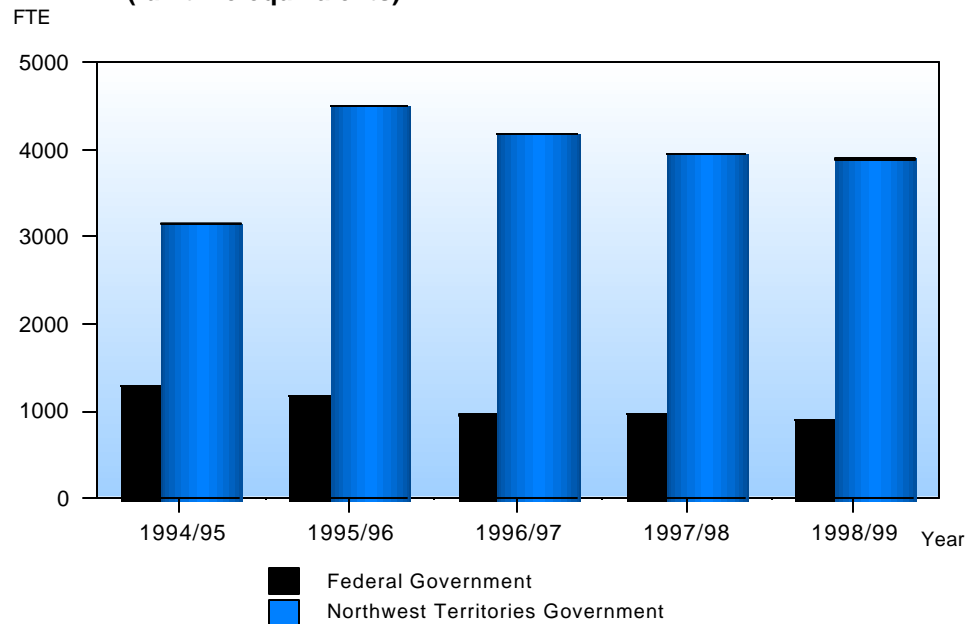
## Highlights

In 1998/99, as in previous years, nearly half of the total government employment was in the Northwest Territories, while Yukon and Southern Canada shared the remaining half (27.4% and 32.7% respectively). In 1998/99, total government reductions totaled 155 FTEs, an overall reduction of 1.6% from 1997/98.

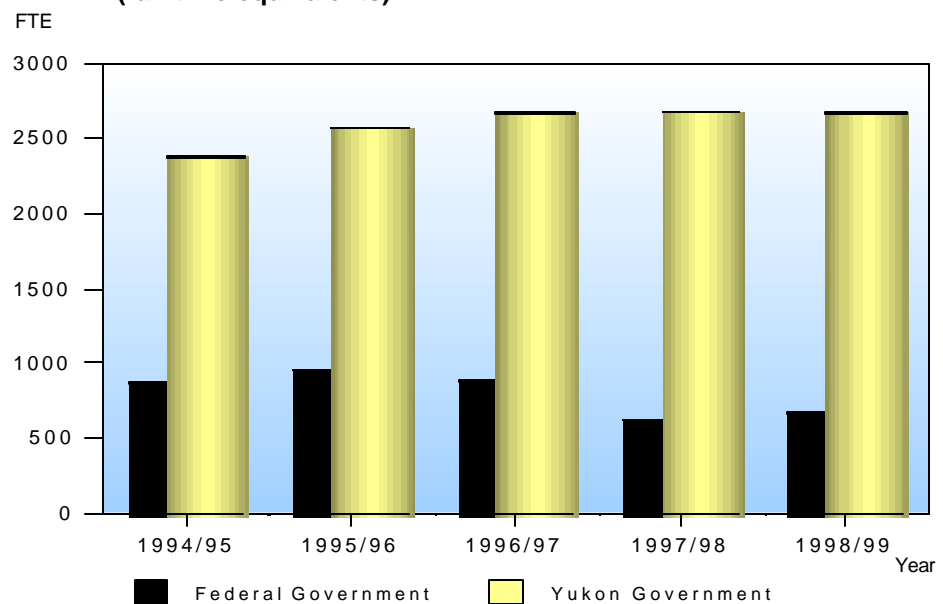
In the N.W.T. (Graph 14), federal and territorial employment increased by a total of 333 FTEs, or 7.5%, between 1994/95 and 1998/99. Federal government employment in the N.W.T. decreased each year (407 FTEs) due mostly to program reductions, while employment reductions by the GNWT were somewhat slower. In 1998/99, the federal government accounted for only 18.7% of total employment in the N.W.T.

In Yukon (Graph 15), overall employment increased by a net 97 FTEs or 3.0% between 1994/95 and 1998/99. Federal government employment in Yukon decreased by 201 FTEs or 22.9%, over the period with program reductions and devolutions of the Alaska Highway, Whitehorse General Hospital<sup>1</sup>, and "A" airports from Transport Canada in 1996/97.

**Graph 14: Trend in Employment by Government in the Northwest Territories (full-time equivalents)**



**Graph 15: Trend in Employment by Government in Yukon (full-time equivalents)**



**Note:**

1. Staff from the Whitehorse General Hospital transfer were not included in the YTG increases as the transferred employees from Health Canada were employed by the Yukon Hospital Corporation rather than the YTG.

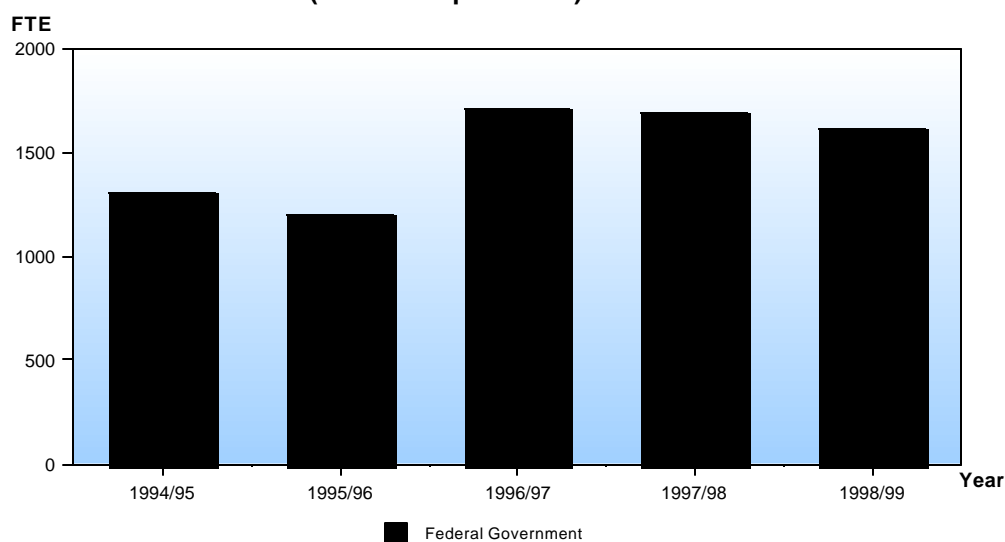
The federal expenditures in Yukon accounted for only 20.2% of the total government employment in 1998/99. YTG employment increased in each year, for a total of 67 FTEs or 2.9% by 1998/99.

Federal employment in Southern Canada (Graph 16) peaked in 1996/97 to a total of 1,711 FTEs and then decreased each year after to be at 1,614 FTEs in 1998/99. Over the five year period, one of the largest reductions was reported by Transport Canada with a total decrease of 252 FTEs or 71% between 1994/95 and 1998/99.

As mentioned in previous publications, these decreases are mainly attributable to transfers of the "A,B & C" airports to the territorial governments.

Five other departments (Health Canada, Canada Mortgage and Housing Corporation, Natural Resources, Public Works and Government Services and Human Resources Development) all had reductions in the 20% plus range.

**Graph 16: Trend in Federal Employment in Southern Canada  
(full-time equivalents)**



**Table 9: Employment (full-time equivalent) and Percentage Distribution by Regional Location**

	1994/95 Actual		1995/96 Actual		1996/97 Actual		1997/98 Actual		1998/99 Actual	
	#	%	#	%	#	%	#	%	#	%
<b>Total Government:</b>										
Northwest Territories	4,443	49.3	5,671	54.5	5,136	49.4	4,906	49.6	4,776	49.0
Yukon	3,259	36.2	3,531	33.9	3,558	34.2	3,301	33.3	3,356	34.4
Southern Canada	1,310	14.5	1,206	11.6	1,711	16.4	1,694	17.1	1,614	16.6
<b>Total</b>	<b>9,012</b>	<b>100.0</b>	<b>10,408</b>	<b>100.0</b>	<b>10,405</b>	<b>100.0</b>	<b>9,901</b>	<b>100.0</b>	<b>9,746</b>	<b>100.0</b>
<b>Federal Government:</b>										
Northwest Territories	1,300	37.3	1,179	35.2	969	27.2	967	29.5	893	28.0
Yukon	878	25.2	958	28.7	885	24.8	621	18.9	677	21.3
Southern Canada	1,310	37.6	1,206	36.1	1,711	48.0	1,694	51.6	1,614	50.7
<b>Total</b>	<b>3,488</b>	<b>100.0</b>	<b>3,343</b>	<b>100.0</b>	<b>3,565</b>	<b>100.0</b>	<b>3,282</b>	<b>100.0</b>	<b>3,184</b>	<b>100.0</b>

# EXPENDITURE BY FUNCTION<sup>1</sup>

## Highlights

As illustrated in Graph 17, *General Services*, linked to the statutory funding approved for settled Aboriginal land claim agreements, remains the largest government expenditure by function.

Expenditures on the *protection of persons and property* function have gone from the third to fourth highest northern expenditure. Yearly reductions by National Defence since 1992/93 have driven the protection function downward. On a government basis, the federal government, with expenditures of \$205.0 million (59.7% of the total), is the second largest contributor to this function.

From 1994/95 to 1998/99, there have been reductions in most of the expenditure functions except in five areas. The increases were in *health*, shared among the federal and NWT governments; in *housing* mainly at the federal level; in *general services*, mainly at the federal level; and in *foreign affairs and international assistance*, at the federal level (as it only applies to it).

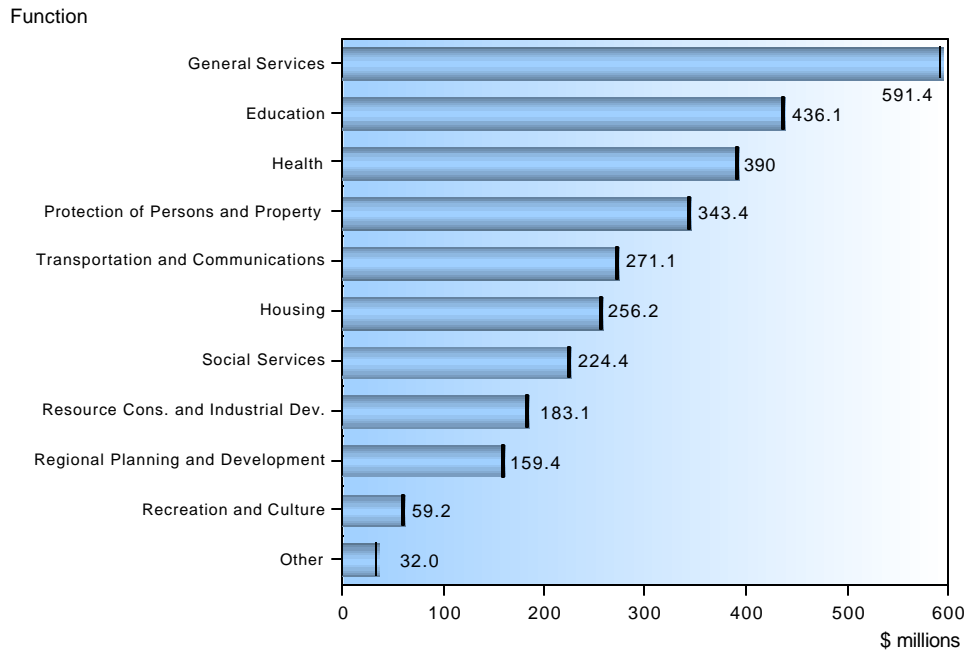
### Federal Government

*General Services* was the highest federal expenditure by function having moved up from second in previous publication.

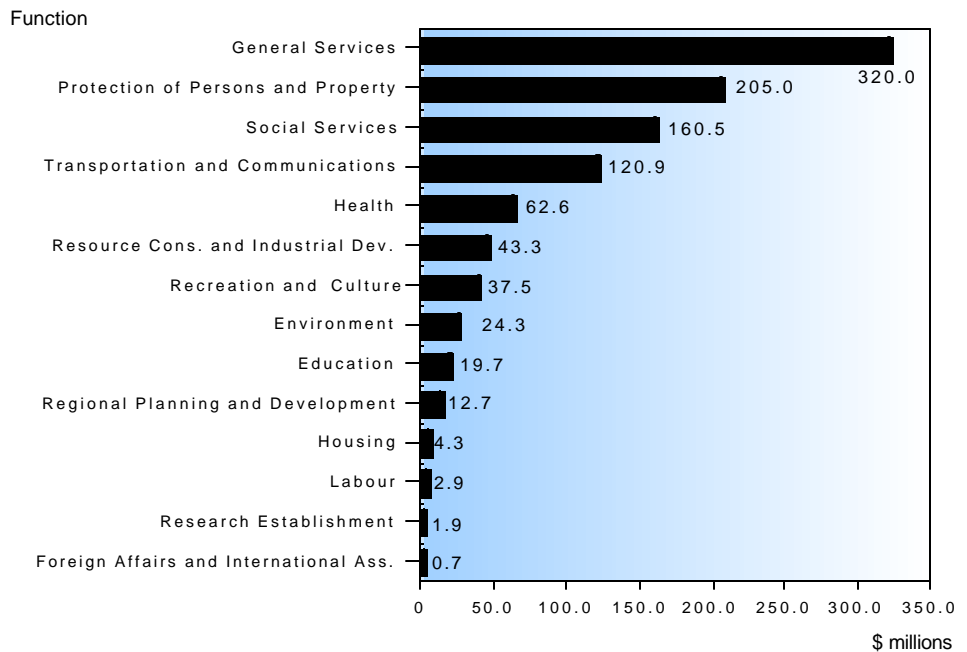
**Note:**

1. The Statistics Canada System of Government Financial Management Statistics is used to represent the expenditure functions of the federal, provincial and territorial governments (See Appendix 3 for a brief description and examples of this system). Expenditures for 14 of the 18 expenditure functions used in the system were made on the North.

**Graph 17: 1998/99 Total Government Expenditure by Function (\$ millions)**

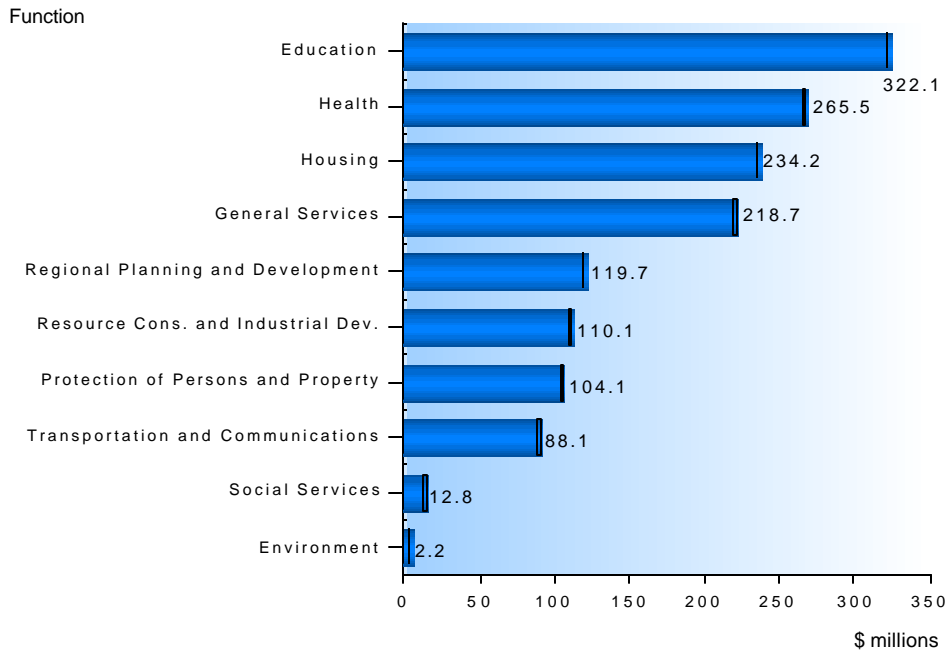


**Graph 18: 1998/99 Federal Government Northern Expenditure by Function (\$ millions)**





**Graph 19: 1998/99 Government of Northwest Territories Expenditure by Function (\$ millions)**

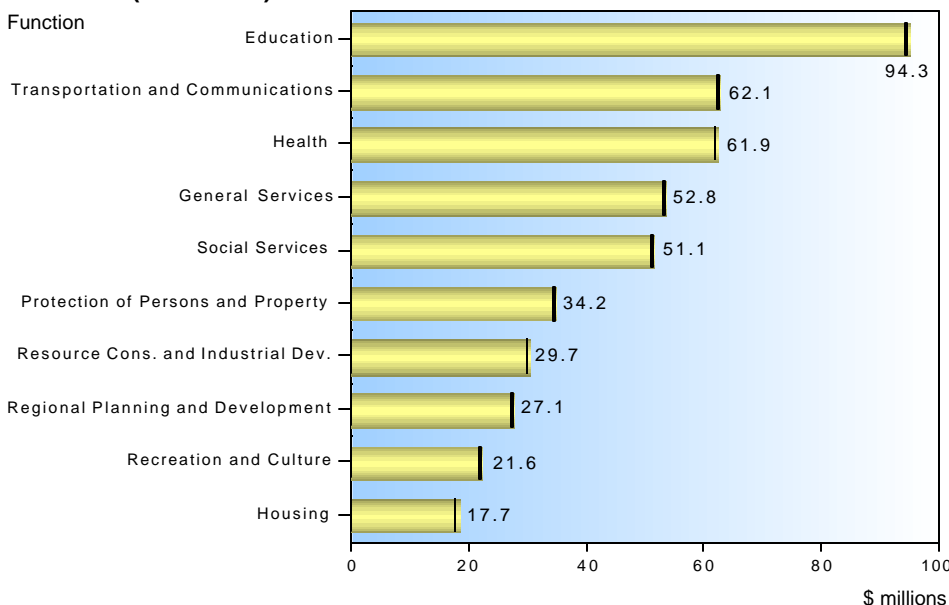


Indian and Northern Affairs Canada (INAC) with expenditures of \$312.3 million, or 97.6% of the federal total had the largest share in this function. Expenditures for the implementation of Aboriginal land claims, at \$163.2 million, represented 52.3% of INAC's expenditures.

Social Services expenditures at \$160.5 million remained third highest federal expenditure by function and represented 71.5% of the total government expenditures in this function.

Human Resources Development still was the largest federal contributor at \$127.0 million or 79.2% of the federal expenditure in 1998/99. Although the economy has improved over the last years, social services payments have been increasing again since their peak in 1993/94.

**Graph 20: 1998/99 Government of Yukon Expenditure by Function (\$ millions)**



**Territorial Governments**

As shown on Graphs 19 and 20, education expenditures remained primarily the responsibility of the territorial governments, and in 1998/99 this amounted to 95.5% of the total federal and territorial expenditures. These territorial expenditures have risen each year, except in 1996/97 with a small reduction of 0.9% compared to 1995/96.

Transportation remained the second largest functional expenditure of the Yukon government at \$62.1 million and occupied the eighth of the GNWT at \$88.1 million. Even with the devolution of roads and airports to the territorial governments and the fact that it is gradually becoming a territorial function (see Appendix 2), this functional expenditure was the fourth largest for the federal government totalling \$120.9 million.

Health function expenditures are predominantly a territorial responsibility. In 1998/99, health expenditures were the fifth highest total federal expenditure by function at \$62.6 million and the third highest for both territories at \$184.9 million for the GNWT and \$75.7 million for the YTG. Federal health expenditures have risen since 1994/95, largely

because of the capital costs required for the construction of the new Whitehorse General Hospital (part of Whitehorse General Hospital transfer agreement).

Housing is the function which showed the greatest difference in emphasis between the two territories. In 1998/99, GNWT housing expenditures, at \$234.2 million, accounted for 91.4% of the total function. In contrast, Yukon government direct expenditures on housing were \$17.7 million or 6.9% of the total function.

The federal government acting via, Canada Mortgage and Housing Corporation, had direct expenditures of \$4.3 million on housing and accounted for the remaining 1.7% of the total function.

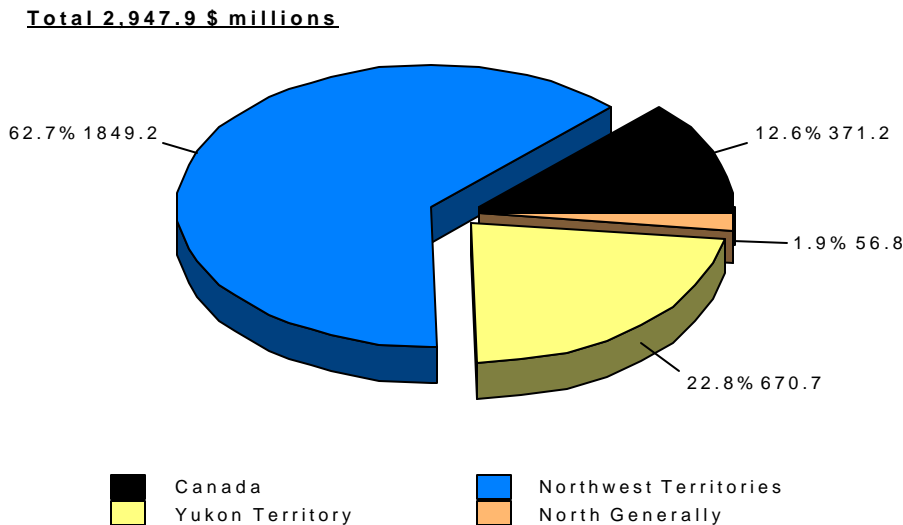
**Table 10: Expenditure (\$ millions) and Percentage Distribution by Expenditure Function**

Expenditure Function	1994/95 Actual		1995/96 Actual		1996/97 Actual		1997/98 Actual		1998/99 Actual	
	\$	%	\$	%	\$	%	\$	%	\$	%
General Services	429.8	16.1	529.6	18.9	512.1	18.6	552.9	19.3	591.4	20.1
Protection of Persons and Property	402.0	15.0	375.7	13.4	323.4	11.7	327.7	11.4	343.4	11.7
Transportation and Communications	272.0	10.2	336.5	12.0	310.2	11.3	283.5	9.9	271.1	9.2
Health	274.7	10.3	345.4	12.4	347.0	12.6	374.1	13.1	390.0	13.2
Social Services	225.4	8.4	178.2	6.4	201.1	7.3	217.7	7.6	224.4	7.6
Education	392.3	14.7	420.0	15.0	416.9	15.1	433.3	15.1	436.1	14.8
Resource Conservation & Ind. Dev.	199.2	7.4	228.0	8.2	203.4	7.4	193.3	6.8	183.1	6.2
Environment	45.4	1.7	35.8	1.3	35.7	1.3	18.5	0.7	26.5	0.9
Recreation and Culture	87.6	3.3	57.9	2.1	36.3	1.3	55.6	2.0	59.2	2.0
Labour, Employment and Immigration	4.5	0.2	3.9	0.1	3.2	0.1	3.4	0.1	2.9	0.1
Housing	180.5	6.7	150.6	5.4	218.8	7.9	237.6	8.4	256.2	8.7
Foreign Affairs & International Assis.	0.2	0.0	0.7	0.0	0.0	0.0	0.4	0.0	0.7	0.1
Regional Planning and Development	160.8	6.0	133.5	4.8	143.6	5.2	143.9	5.1	159.4	5.4
Research Establishments	1.9	0.1	0.4	0.0	1.0	0.0	1.8	0.1	1.9	0.1
<b>Total</b>	<b>2,676.3</b>	<b>100.0</b>	<b>2,796.1</b>	<b>100.0</b>	<b>2,752.8</b>	<b>100.0</b>	<b>2,843.5</b>	<b>100.0</b>	<b>2,946.3</b>	<b>100.0</b>



# EXPENDITURE BY LOCATION OF PRINCIPAL BENEFIT<sup>1</sup>

**Graph 21: 1998/99 Total Expenditure by Location of Principal Benefit (\$ millions)**



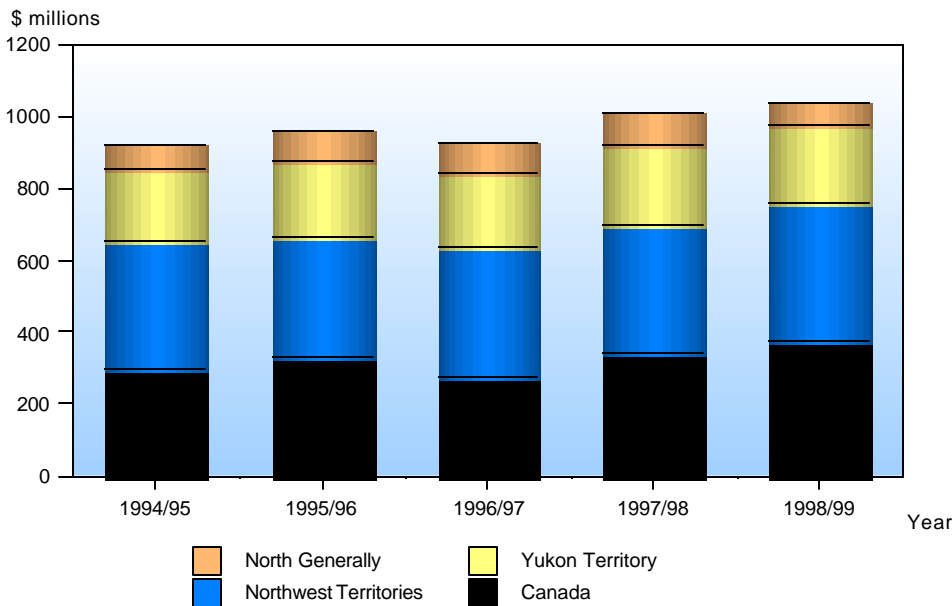
## Highlights

The percentage distribution of Northern expenditures by location of principal benefit has remained relatively consistent in 1998/99. During a five-year period, however, changes are more noticeable as the benefit to N.W.T. increased by 11.0% to 62.7%, the benefit to Canada increased 24.1% to reach 12.6% in 1998/99.

Expenditures for the *Benefit-to-Canada* category have actually increased from a low of \$299.0 million in 1994/95 to a high of \$371.2 million in 1998/99. The major increases were by Indian and Northern Affairs Canada starting from a low of \$257.7 million to a high of \$413.9 million over the same period of time.

The *North Generally* category, containing only federal contributors, had a decrease of \$13.1 million or 18.8% in 1998/99. Most of this decrease occurred in Transport Canada with the transfer of the "A" airports to the YTG in 1996.

**Graph 22: Trend in Federal Expenditure by Location of Principal Benefit (\$ millions)**



**Note:**

1. The location of the principal benefit of an expenditure is the region (Yukon, N.W.T., North Generally or Canada) which benefits most from the expenditure. See Glossary for a more detailed definition of "Location of Principal Benefit".

Federal expenditures benefiting the Northwest Territories increased dramatically starting in 1993/94 and never ceased to increase with statutory payments by DIAND to implement the Tungavik Federation of Nunavut Land Claim and the Inuvialuit claim. Since then, expenditures have increased by 3.3% from 1994/95 to 1998/99 in conjunction to payments made for the Gwich'in claim, the Sahtu Dene Métis claim and for the Council for Yukon Indians land claim.

If DIAND's expenditures were extracted from federal expenditures for this category, the overall trend of federal expenditures would be downward as most

federal departments and agencies have reduced expenditures during recent years.

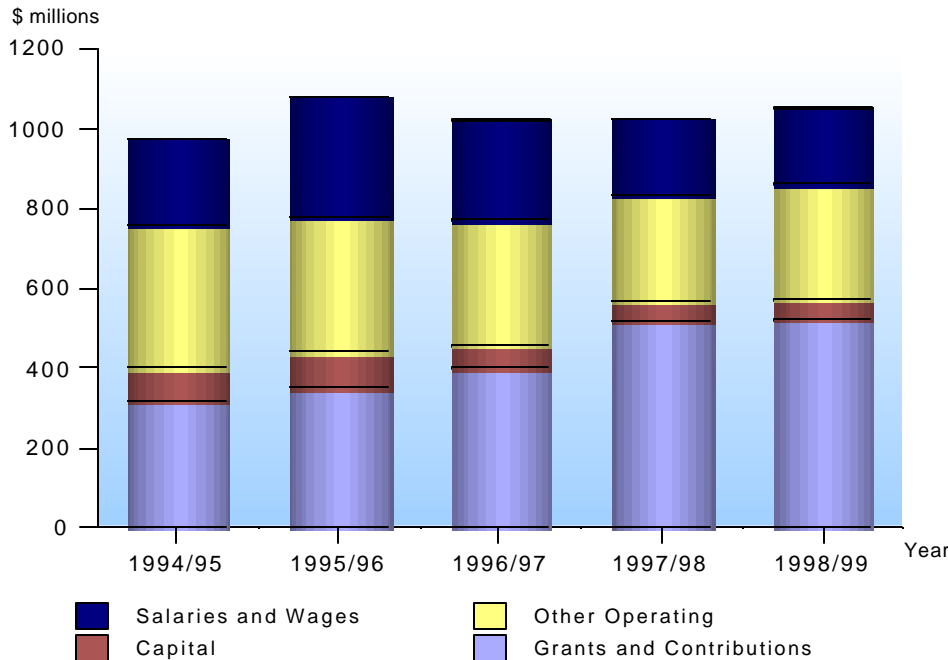
Total federal benefit to Yukon increased by 12.1% from 1994/95 to 1998/99. Expenditures have increased in each year, in part because of the transfers of federal programs such as the Alaska Highway from Public Works and the Whitehorse General Hospital from Health Canada. The benefit to Yukon expenditures have increase especially in 1997/98 when the "A" airports, transferred from Transport Canada in 1996, could be included in their budget.

**Table 11: Expenditure (\$ million) and Percentage Distribution by Location of Principal Benefit**

Total Government Expenditure	1994/95 Actual		1995/96 Actual		1996/97 Actual		1997/98 Actual		1998/99 Actual	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Total Government Expenditures:</b>										
Northwest Territories	1,665.9	62.2	1,702.4	60.9	1,736.1	63.1	1,745.7	61.4	1,849.2	62.7
Yukon	641.5	24.0	681.8	24.4	669.0	24.3	669.2	23.5	670.7	22.8
North Generally	69.9	2.6	84.9	3.0	79.5	2.9	88.9	3.1	56.8	1.9
Canada	299.0	11.2	328.5	11.7	268.4	9.7	340.4	12.0	371.2	12.6
<b>Total</b>	<b>2,676.3</b>	<b>100.0</b>	<b>2,797.5</b>	<b>100.0</b>	<b>2,753.1</b>	<b>100.0</b>	<b>2,844.2</b>	<b>100.0</b>	<b>2,947.9</b>	<b>100.0</b>
<b>Federal Expenditures:</b>										
Northwest Territories	358.3	38.8	331.3	34.8	356.2	39.3	342.1	34.5	370.1	36.4
Yukon	195.9	21.2	207.3	21.8	202.5	22.3	219.3	22.1	218.3	21.5
North Generally	69.9	7.6	84.9	8.9	79.5	8.8	88.9	9.0	56.8	5.6
Canada	299.0	32.4	328.5	34.5	268.4	29.6	340.4	34.4	371.2	36.5
<b>Total</b>	<b>923.1</b>	<b>100.0</b>	<b>952.0</b>	<b>100.0</b>	<b>906.7</b>	<b>100.0</b>	<b>990.7</b>	<b>100.0</b>	<b>1,016.4</b>	<b>100.0</b>

# EXPENDITURE BY OBJECT<sup>1,2</sup>

**Graph 23: Federal Government Expenditure Trend by Object (\$ millions)**



## Highlights

Total expenditures by object<sup>2</sup> for 1998/99 were \$2,981.6 million, \$109.9 million or 3.8% more than the 1997/98 expenditures.

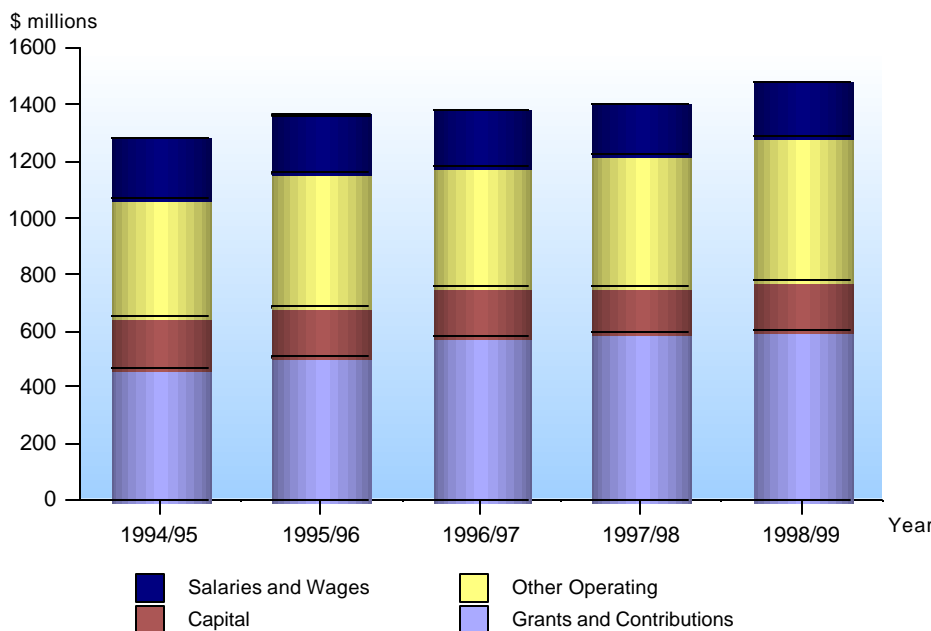
Over the five year period, grants and contribution went from a low of \$847.1 million to a high of \$1,211.9 million which represent an increase of 43.1%. This is mainly attributable to the implementation of land claim agreements that started in 1993/94.

### Salaries and Wages

Total government salaries and wages, which were relatively constant in the \$580.0 million range since 1994/95, declined in 1998/99 to \$540.8 million, for a total drop of \$38.5 million or 6.6% during the five year period.

Since 1991/92, each government has exhibited a different trend. The federal government trend (Graph 23) has been consistently decreasing, driven partly by the transfer of federal responsibilities to the territories and partly by program reductions.

**Graph 24: Government of the Northwest Territories Expenditure Trend by Object (\$ millions)**



**Notes:**

1. See Glossary for a definition of "Expenditure by Object".
2. Total expenditures by Object and by Location of Responsibility Centre differ slightly from those in the other sections of this report. This is due to the adjustments for interagency sales and purchases to reduce double-counting.

When viewing the five year trend, the GNWT (Graph 24) salaries and wages never ceased to decrease from a high of \$217.2 million in 1994/95 to a low of \$186.1 million in 1998/99 which represent a decrease of 14.3%.

The trend in YTG (Graph 25) is still going upward primarily because of increases in the number of FTEs in the education and transportation areas.

**Other Operating Expenditures**

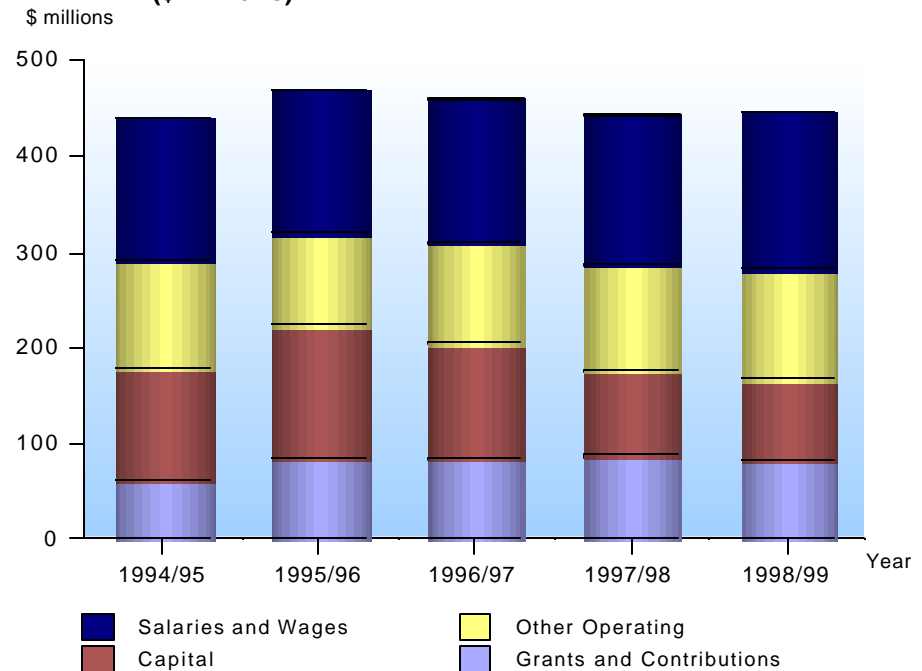
Federal *Other-Operating* costs, have also declined, both in value and as a proportion of expenditures since 1994/95. This reduction of \$67.9 million during five years has been partly achieved through the devolutions of federal programs and program reductions.

The GNWT *Other-Operating* costs have gone up since 1994/95 from \$412.5 million to \$512.6 million in 1998/99, an increase of \$100.1 million or 24.3%. YTG other operating expenditures have been stable since 1994/95 from \$111.4 million to \$114.7 million, a 2.9% increase only.

**Capital**

Federal capital expenditures in 1998/99 were the smallest expenditure by object at \$50.7 million, an increase of 10.2% since 1997/98 but a decrease of 40.1% over the five years period. National Defence has led the reductions over the years following the completion of the North Warning System.

**Graph 25: Government of Yukon Expenditure Trend by Object (\$ millions)**



Other reasons for federal reductions in direct capital expenditures are the devolution to the territorial governments of capital-intensive programs such as inter-territorial roads, the Alaska Highway and airports.

Still over the five years period, the GNWT and YTG (Graphs 24 and 25) also had reductions in capital costs of 8.1% and 28.5% respectively.

**Grants and Contributions (G & C)**

Total grants and contributions expenditures for 1998/99 were \$1,211.9 million, up \$5.1 million or 0.4% over the 1997/98 expenditures. At a five year trend, expenditures increased by \$364.8 million or 43.1% (Table 12).

All three governments contributed to

the total grants and contributions increase. The federal government expenditures rose from a low of \$319.2 million in 1994/95 to a high of \$523.9 million in 1998/99. Aboriginal land claims accounted for a major part of the grants and contributions for the federal government expenditures totalling around \$221.6 million.

Each year during the period of data provided, the GNWT expenditures have increased (Graph 24) by \$139.1 million or 29.9%. Simultaneously, YTG expenditures (Graph 25) have increased by \$21.1 million or by 33.8%.

Table 12: Expenditure (\$ millions) and Percentage Distribution by Object

Object of Expenditure	1994/95 Actual		1995/96 Actual		1996/97 Actual		1997/98 Actual		1998/99 Actual	
	\$	%	\$	%	\$	%	\$	%	\$	%
<b>Total Government:</b>										
Salaries and Wages	579.3	21.4	662.3	22.7	598.8	20.9	523.3	18.2	540.8	18.1
Other Operating	882.7	32.7	908.6	31.1	841.9	29.4	841.1	29.3	918.1	30.8
Capital	393.9	14.6	405.3	13.9	354.9	12.4	300.6	10.5	310.9	10.4
Grants and Contributions	847.1	31.3	945.7	32.4	1,070.4	37.3	1,206.8	42.0	1,211.9	40.6
<b>Total</b>	<b>2,703.0</b>	<b>100.0</b>	<b>2,921.8</b>	<b>100.0</b>	<b>2,865.9</b>	<b>100.0</b>	<b>2,871.8</b>	<b>100.0</b>	<b>2,981.6</b>	<b>100.0</b>
<b>Federal:</b>										
Salaries and Wages	215.5	22.0	304.5	28.2	253.1	24.7	189.6	18.5	189.8	18.0
Other Operating	358.7	36.7	336.2	31.1	313.3	30.6	265.8	26.0	290.9	27.6
Capital	84.5	8.6	86.7	8.0	57.8	5.6	46.0	4.5	50.7	4.8
Grants and Contributions	319.2	32.6	353.7	32.7	400.7	39.1	522.7	51.0	523.9	49.6
<b>Total</b>	<b>978.0</b>	<b>100.0</b>	<b>1,081.1</b>	<b>100.0</b>	<b>1,025.0</b>	<b>100.0</b>	<b>1,024.0</b>	<b>100.0</b>	<b>1,055.2</b>	<b>100.0</b>
<b>Northwest Territories:</b>										
Salaries and Wages	217.2	16.9	209.0	15.2	195.9	14.2	176.1	12.5	186.1	12.6
Other Operating	412.5	32.1	474.1	34.6	421.5	30.5	466.5	33.2	512.6	34.7
Capital	191.5	14.9	182.2	13.3	177.2	12.8	164.3	11.7	176.0	11.9
Grants and Contributions	465.3	36.2	505.7	36.9	585.2	42.4	596.5	42.5	604.4	40.9
<b>Total</b>	<b>1,286.5</b>	<b>100.0</b>	<b>1,371.0</b>	<b>100.0</b>	<b>1,379.9</b>	<b>100.0</b>	<b>1,403.5</b>	<b>100.0</b>	<b>1,479.0</b>	<b>100.0</b>
<b>Yukon:</b>										
Salaries and Wages	146.6	33.4	148.8	31.7	149.8	32.5	157.6	35.5	164.9	36.8
Other Operating	111.4	25.4	98.2	20.9	107.0	23.2	108.8	24.5	114.7	25.6
Capital	117.9	26.9	136.4	29.0	119.8	26.0	90.3	20.3	84.3	18.8
Grants and Contributions	62.5	14.3	86.3	18.4	84.5	18.3	87.6	19.7	83.6	18.7
<b>Total</b>	<b>438.5</b>	<b>100.0</b>	<b>469.7</b>	<b>100.0</b>	<b>461.1</b>	<b>100.0</b>	<b>444.2</b>	<b>100.0</b>	<b>447.4</b>	<b>100.0</b>



# GLOSSARY

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**AEPS.** Arctic Environmental Protection Strategy

**AES.** Arctic Environmental Strategy

**Agency.** For the purposes of this report *agency* is most often used as a general term referring to all those federal departments, Crown corporations and the two territorial governments that contribute data to the Annual Northern Expenditure Plan. Federal Crown corporations can also be considered as federal agencies.

**NE.** *Northern Expenditures* (formerly called *Annual Northern Expenditure Plan*) is a summary of federal and territorial government expenditures and employment on or for the North. It includes not only expenditures that take place from offices located in the North but also those expenditures taking place in federal, headquarters or regional offices located in Southern Canada where the expenditure and full-time equivalents are related to services or projects for the North.

**DIAND.** Department of Indian Affairs and Northern Development.

**Direct expenditure.** An expenditure made by the contributing agency that delivers the service or product.

**Estimated Revenues.** The estimated revenues are calculated from the direct territorial expenditures, less total federal transfers less the \$25.0 million for the maintenance of the Shakwak portion of the Alaska Highway which is provided by the United States government via Public Works and Government Services.

**Final spending agency.** The contributing agency that actually manages the expenditure and delivers the product. When a federal agency transfers the funds to a territorial government to do the work, the territorial government delivers the product and becomes the final spending agency.

**FTE.** A *full-time equivalent* is the term that has replaced *person-year* as the measure of government employment. It refers to the employment of one person for one full year or the equivalent. For example, one person employed for one full year or three persons employed for four months in one year equals one *full-time equivalent*.

**Function.** The Statistics Canada System of Government Financial Management Statistics is used to present the expenditure functions of the federal and territorial

governments. For example, some of these functions are education, health, social services, transportation and communication, and general services. A brief description and examples are included in Appendix 3. Expenditures for 14 of the 18 functions used in this system apply to the North.

**GNWT.** Government of the Northwest Territories.

**Government employment.** The term government employment refers to government employees in the direct employ of the federal and territorial governments when the FTEs are reported in the Main Estimates of their respective governments. As a result, territorial expenditures for municipal governments, regional or local school boards, health boards or other institutions created by the territorial governments and funded through block funding grants are reported by the territory, but the FTE allotment is not.

**Location of Principal Benefit.** This classification of spending indicates the geographical area which benefits most from its expenditures. All expenditures by the YTG and GNWT are considered to benefit their respective territory. Federal expenditures are classified as benefiting Yukon or the Northwest Territories, but when this distinction cannot be made with precision, the North-Generally category is used. The fourth category, when Canada is the beneficiary, applies to programs where the prime focus is national in scope. Some examples in this category are National Defence, the Atmospheric Environment Service weather stations and Parks Canada's national parks and historic parks and sites.

**Object of Expenditure.** This term refers to a financial classification of expenditures into four types: salaries and wages, other operating expenditures, capital, and grants and contributions as follows:

**1) Salaries and Wages** - These expenditures include the money paid to employees who are employed on northern work.

**2) Other Operating Expenditures** - These expenditures cover a range of items including: expenditures for travel, supplies, maintenance, rentals and the purchase of professional services. The sales and purchases transactions are normally found in this type of expenditure.

**3) Capital** - These expenditures include the acquisition of and purchase of equipment, and projects related to new construction and the reconstruction of buildings, roads

or other facilities.

**4) Grants and Contributions** - These expenditures include payments to individuals or organizations for the purpose of furthering program objectives or, in the case of Aboriginal land claims, a statutory obligation.

**Purchases from contributing agencies.** Purchases take place between contributing agencies when one agency purchases goods or services from the other. The total purchases are included with the purchasing agency expenditures and, in most tables, the purchasing agency is credited with the final expenditure in order to avoid double-counting. The expenditures by *regional location* and by *object*, however, are reported less purchases. Because more sales than purchases are reported, these two expenditure series are higher than those of the *expenditure by agency*, *expenditure by function* and the *expenditure by principal benefit* series. Ideally, the amounts reported by the selling agency and the purchasing agency would be the same, but limitations in financial systems make a certain amount of double-counting unavoidable.

**Regional Location of Responsibility Centre.** The term refers to the broad geographical area where the office responsible for the expenditure and associated employment is located. Three regions are used: Yukon and the Northwest Territories for offices located in the North, and Southern Canada for offices located in the south. Although the governments of the Northwest Territories and Yukon have small offices, with approximately four staff, located in Southern Canada (Ottawa), they are too small to be shown separately on the graphs or tables, and are included with the Yukon and Northwest Territories data.

**Sales to contributing agencies.** Sales take place between contributing agencies when one agency sells goods or services to the other. The total sales are deducted from the selling agency and only the purchasing agency is credited with the final expenditure in order to avoid double-counting. Ideally, the amounts reported by the selling agency and the purchasing agency would be the same, but limitations in financial systems make a certain amount of double-counting unavoidable. Usually more sales than purchases are reported making the expenditures, less sales, somewhat more accurate.

**Transfers.** Transfers take place when funds are sent from one reporting agency to another in the form of a transfer

payment (grant or contribution) and the receiving agency has the responsibility for delivering the service or product. In most cases, the transfers are from federal departments to the territorial governments and the expenditure is deducted from the federal department making the transfer and allocated to the territorial government administering the final expenditure.

**Formula Transfers.** These transfers are the substantial funds transferred from the federal government (formerly DIAND, now the Department of Finance) to the territorial governments to enable them to provide a full complement of government services. The amount of the transfer is based on a formula that includes growth in territorial-local expenditures; population growth of the territories relative to national growth; the capacity of the territories to generate their own revenues; and the funds required to operate programs transferred from the federal government.

**Other Transfers.** These transfers come from various federal agencies and enable the territorial governments to deliver, for example, specified services for education, housing, social services, health care, economic development and employment programs.

**Transport Canada - "A", "B" and "C" Airports.**

**"A" Airports** are larger airports with longer runways.

**"B" and "C" Airports** are community airports with shorter runways.

# APPENDIX 1

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## Status of Comprehensive Claims in the North

The following Aboriginal comprehensive claim settlements have been concluded in the North since the establishment of the federal government's claims policy in 1973:

- The Inuvialuit Final Agreement (effective date July 25, 1984);
- Tungavik Federation of Nunavut Land Claims Agreement (effective date July 9, 1993).

Regional Final Agreements were concluded based on the April 1990 agreement with two of the Dene and Métis regional groups:

- The Gwich'in Comprehensive Land Claim Agreement (effective date December 22, 1992);
- The Sahtu Dene and Métis Agreement (effective date June 23, 1994).

Four Yukon First Nation final agreements (1994) were concluded based on the Council for Yukon Indians Umbrella Final Agreement (1993) and corresponding self-government agreements for:

- The Vuntut Gwich'in First Nation (effective date February 14, 1995);
- The First Nation of Na-cho Ny'a'k Dun (effective date February 14, 1995);
- The Teslin Tlingit Council (effective date February 14, 1995);
- The Champagne and Aishihik First Nations (effective date February 14, 1995);
- The Little Salmon/Carmacks First Nations (effective date October 1, 1997);
- The Selkirk First Nation (effective date October 1, 1997);
- The Tr'ondëk Hwëch'in First Nation (effective date September 15, 1998);
- The Ta'an Kwach'an Council (effective date April 1, 2002).

## APPENDIX 2

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### Completed Transfers to the Territorial Governments since 1986

#### Yukon

- 1986 Toponymy (DIAND)
- 1987 Northern Canada Power Commission (DIAND)
- 1989 Inland Fisheries (Fisheries and Oceans)
- 1989 Mine Safety (DIAND)
- 1990 Inter-territorial Roads (DIAND)
- 1990 "B" & "C" airports (Transport Canada)
- 1992 Alaska Highway  
(Public Works and Government Services)
- 1993 Land Titles Registration (DIAND)
- 1993 Whitehorse General Hospital (Health Canada)
- 1993 Northern Oil and Gas Accord (DIAND)  
(Act passed in 1998)
- 1993 Hospital and Medical Care for Indians and Inuit  
(DIAND)
- 1993 Low Income Housing Program for Indians and Inuit  
(DIAND)
- 1996 "A" airports (Transport Canada)
- 1997 Universal Health (DIAND)

#### Northwest Territories

- 1986 Nursing Stations and Health Service in Baffin  
(Health Canada)
- 1986 Toponymy (DIAND)
- 1987 Forestry Management and Fire Suppression (DIAND)
- 1988 Northern Canada Power Commission (DIAND)
- 1988 Health Services-All remaining Health and Hospital Services  
(Health Canada)
- 1988 Scientific Resource Centres (DIAND)
- 1990 Inter-territorial Roads (DIAND)
- 1991 "B" and "C" airports (Transport Canada)
- 1993 Land Titles Registration (DIAND)
- 1995 "A" airports (Transport Canada)
- 1996 Community Futures (DIAND)
- 1997 NWT Elections (DIAND)

# APPENDIX 3

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## Expenditure Function Classification

The ANEP uses the Expenditure Function classification based on the standard categories of the Statistics Canada System of Financial Management Statistics. This classification is used to make the ANEP data more useful and comparable with other government statistical reports.

Eighteen expenditure functions are identified, each of which describes the general nature and type of activity on which expenditures are made. Fourteen of the 18 functions (numbers one to 14) are found within the northern expenditures. General purpose transfers (number 15) do take place, but they only appear in the transfer tables because of the final spending agency principle used in ANEP. All transfers are deducted from federal agency expenditures and reported by the territorial government which actually performs the work. For a summary of transfers, see the section Federal Transfers to the Territorial Governments.

The expenditure functions are described below, along with examples of the types of expenditure which are included in each function.

- (1) **General Services:** This classification includes expenditures for executive, legislative and law enactment functions, administration expenditures such as central accounting, auditing, staffing, tax administration and others such as intergovernmental services, insurance, court litigations and general grants to organizations and individuals which cannot be more specifically allocated. Native land claim expenditures have been included in this category.
- (2) **Protection of Persons and Property:** This classification includes all outlays for services provided to ensure the security of persons and property, including safeguards from external aggression, criminal action, negligence and abuse, and for activities to ensure the orderly transaction of the affairs of the community. Functions such as national defence, policing, firefighting, courts of law, correction and rehabilitation services are included here.
- (3) **Transportation and Communications:** This classification covers outlays for the acquisition, construction, operation and maintenance of transportation and communication facilities and equipment and for related engineering and technical surveys. It includes air, road, rail, water, telecommunications and postal services.
- (4) **Health:** This classification covers expenditures related to the control and prevention of disease, hospital and medical insurance schemes, and the delivery of hospital and medical services.
- (5) **Social Services:** This function covers actions taken by government, either alone or in cooperation with the citizenry, to offset or forestall situations where the well-being of individuals or families is threatened by circumstances beyond their control. It includes services such as social security, Employment Insurance, veterans' benefits, social welfare and other assistance, research, planning and counselling.
- (6) **Education:** This function includes the costs of developing, improving and operating educational systems and the provision of specific educational services. It includes elementary, secondary, post-secondary and special retraining services for the purpose of upgrading skills.
- (7) **Resource Conservation and Industrial Development:** This classification makes no distinction between conservation and development, but rather is subdivided according to types of resources or sectors: agriculture, fish and game, forests, mines, oil and gas, hydro-electric power, water storage and flood control, tourism, trade and industry.
- (8) **Environment:** The following sub-functions have the common aim of ensuring the most favorable environment for people and of minimizing the deleterious environmental effects of modern living: water purification and supply, sewage collection and disposal, garbage collection and disposal, and pollution control.

- 
- (9) **Recreation and Culture:** This function includes expenditure on developing, improving and operating leisure facilities and assistance payments to individuals and organizations engaged in promoting leisure activities. It includes sports and recreational facilities, parks and historic sites, museums, art galleries and performing arts.
- (10) **Labour, Employment and Immigration:** This function is related to the development and promotion of labour relations and fair employment conditions, as well as various immigration programs.
- (11) **Housing:** Government expenditures on housing are of two kinds: those arising from the operations of departments and agencies as builders and real estate operators together with ancillary activities and those to assist others to carry out similar activities.
- (12) **Foreign Affairs and International Assistance:** This function provides for expenditures pertaining to the formal relations of Canada with other sovereign states, the fostering of economic development and the improvement of social conditions in foreign lands. Expenditures on trade promotion abroad and cultural exchanges with foreign countries are classified under trade and industry and culture, respectively.
- (13) **Regional Planning and Development:** This function includes expenditures related to planning and zoning, community development, regional economic development, municipal affairs and commissions, and boards and authorities established to plan and promote the development of particular regions.
- (14) **Research Establishments:** This function covers expenditures of major research organizations such as the National Research Council and similar provincial or territorial establishments whose primary purpose is pure or applied scientific research and the promotion of developments resulting from such activities. Also included are grants to individuals and non-government establishments engaged in similar types of research.
- (15) **General Purpose Transfers to Other Levels of Government:** Included are payments under federal-territorial fiscal arrangements and the *Public Utilities Income Tax Transfer Act* and grants-in-lieu of property taxes.
- (16) **Transfers to Own Enterprises:** These include amounts paid to cover the deficits of a government's own enterprises. Subsidies paid to public and private concerns to help achieve certain economic or social objectives are not included here, but are under the expenditure functions to which they are related. Consequently, there were no northern expenditures in this category.
- (17) **Debt Charges:** This classification contains interest paid in respect to all forms of borrowing and other expenditures related to servicing the public debt. There were no northern expenditures allocated to this category.
- (18) **Other:** No expenditures were allocated to this category.

# ADDITIONAL SOURCES

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## Other References

Readers requiring detailed information concerning Northern expenditures should contact the **First Nations and Northern Statistics Section, Corporate Information Management Directorate, Department of Indian Affairs and Northern Development, room 530, 10 Wellington Street, Ottawa, Ontario, K1A 0H4**

Readers interested in additional information on the range of government activities and programs in the North are directed to the following publications available through DIAND:

*Northern Indicators*

*Looking North: Canada's Arctic Commitment*

*Mines and Mineral Activities*

*Northern Mineral Policy*

*The Arctic Environmental Strategy: An Action Plan*

*The Inuit*

*The North*

### by contacting:

Publications and Public Enquiries (Kiosk)  
 Department of Indian Affairs and Northern Development  
 Ottawa, Ontario  
 K1A 0H4  
 Phone: (819) 997-0380  
 Facsimile: (819) 997-0380  
 Internet address: <http://www.inac.gc.ca>  
 E-mail: [InfoPub@inac.gc.ca](mailto:InfoPub@inac.gc.ca)

Other federal publications with Northern content or themes include:

*Canada's North: The Reference Manual*

*Indian and Northern Affairs Canada Estimates, Part III: Expenditure Plan\**

### These can be purchased from:

Canada Communication Group  
 Publications  
 Public Works and Government Services Canada  
 Ottawa, Ontario  
 K1A 0S9

\* DIAND no longer produces a departmental annual report. Much of this information is now included in the **Estimates, Part III**.

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