

## FISCAL IMBALANCE: THE TRUTH ABOUT SPENDING ON FIRST NATIONS

### PER CAPITA SPENDING

- Per capita spending on First Nations is half the amount for average Canadians (between \$7,000-\$8,000 compared to \$15,000-\$16,000). Spending on First Nations through core federal programs is capped annually at rates lower than inflation and population growth.
- First Nations population figures are included in CHST but provinces/territories are not accountable for spending on First Nations programs/services, and some explicitly exclude First Nations living on-reserve through legislation or policy.
- The gaps in health and well-being that currently exist between First Nations and other Canadians demonstrate that provincial/territorial services are not accessed and/or do not meet the needs of First Nations.

### LACK OF GROWTH IN SPENDING

#### *Indian and Northern Affairs (INAC)*

- Core INAC program budgets have been capped at 2% growth for ten years.
- The Auditor General reports that, from 1999-2004, INAC funding increased by only 1.6%, excluding inflation, while the status First Nation population, according to the Department, increased by 11.2%.
- **Since 2000, First Nations budgets have been diminished by almost 13%.**
- Had a 6% rate of growth been applied (to account for inflation and population growth and equal to what has been granted to Canada Health and Social Transfers), the cumulative new dollars received over the ten year period would have been \$14.5 billion.
- The amount of lost funds -- the difference between the 2% rate received and the need (6%) -- is over \$10 billion. Gathering Strength, the federal government's response to the Royal Commission on Aboriginal Peoples, has only provided \$2.379 billion, leaving a short fall of \$7.914 billion.
- For individual communities, the magnitude of lost funds in the 2006/07 budget is 45.5% over existing funds and ranges from \$1.5 million to \$13.9 million.

#### *Health Canada's First Nations and Inuit Health Branch (FNIHB)*

- Indian Health Envelope has been capped at 3% growth for ten years. This includes nursing, non-insured health benefits (NIHB), such as medical transportation and prescription drugs, and some prevention/promotion programs. All new targeted programs announced after 1996/97, do not receive any annual growth.
- **A health funding shortfall of close to \$2 billion is expected over the next five years.**
- Over the next two years, individual communities will experience an average gap of 9% in 2006/07 and 14% in 2007/08 between what they will receive in health funding and what is actually needed.



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- **Canada Health and Social Transfers are growing at an average rate of 6.6% per year.** By 2009-10, CHSTs will have increased by 33% over 5 years.
- The equalization program received a total increase of \$10.9 billion in the last two years. Growth of 3.5% is ongoing for 10 years from 2004.
- The 10-Year Plan to Strengthen Health Care signed in September 2004 (and legislated through to 2013–14) provides for annual increases of 6%.

