

# NEWS RELEASE



## Federal Indigenous spending almost tripled to projected \$32 billion—but modest improvement in Indigenous living standards due to unrelated federal child benefit

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**VANCOUVER**—While federal spending on Indigenous affairs has almost tripled since 2015, the uptick in Indigenous living standards is due primarily to the Canada Child Benefit, an unrelated federal program for families with children, finds a new study released today by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“Because Indigenous people generally have lower incomes and more children than other Canadians, they gain more from Ottawa’s Canada Child Benefit program,” said Tom Flanagan, senior fellow at the Fraser Institute and author of *An Avalanche of Money: The Federal Government’s Policies Toward First Nations*.

From 2015 to 2025, the federal government will almost triple spending on Indigenous affairs, from \$11 billion to a projected \$32 billion (in nominal dollars).

Moreover, the federal government has been negotiating (rather than litigating) class actions, leading to settlements worth tens of billions of dollars to Indigenous claimants. It’s also been settling specific claims, based on alleged violation of treaties or the Indian Act, at a rate four times faster than the previous norm, resulting in at least an additional \$10 billion for First Nation governments.

Has all this increased Indigenous spending and transfers helped increase living standards for Indigenous people?

The gap in Statistics Canada’s Community Well-Being Index (i.e. broad measure of living standards) between First Nations and other Canadian communities shrunk from 19 to 16 points from 2016 to 2021, but this was likely due to the federal Canada Child Benefit—which sends up to \$7,787 per child to eligible families—introduced in 2016.

In other words, the improvement in Indigenous living standards relative to other Canadians is likely due to a federal program available to all Canadians (although eligibility is based on several factors including income) and not due to the massive increases of direct federal spending on Indigenous affairs.

“If policymakers in Ottawa want to help Indigenous people, they should look closely at what types of spending produce the most tangible benefits,” Flanagan said.

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