

NEWS RELEASE

Annual Indigenous spending expected to reach \$35.5 billion in 2026, largely due to judicial settlements

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For immediate release

VANCOUVER—The federal government’s recent substantial increase of Indigenous spending is mainly due to judicial settlement payouts, finds a new study published by the Fraser Institute, an independent, non-partisan Canadian public policy think-tank.

“At a time of large budget deficits and mounting debt, the explosive growth of Indigenous spending is expected to continue, driven largely by settlement payouts,” said Tom Flanagan, professor emeritus at the University of Calgary, senior fellow at the Fraser Institute and author of *Indigenous Spending in Budget 2022*.

The study notes that federal Indigenous spending rose from about \$11.5 billion in fiscal year 2015-16 to \$25 billion in 2021-22—an increase of \$13.5 billion or 117 per cent (in nominal dollars)—and will reach a projected \$35.5 billion in 2026-27. Negotiated settlements of class action lawsuits, including the recent \$40 billion child welfare settlement, comprise much of this increase.

And according to previous research, there’s little to no correlation between higher levels of government spending and increased living standards for First Nations.

“If the latest federal budget is any indicator, there’s no end in sight to Ottawa’s Indigenous spending increases, despite any rhetoric about spending restraint,” Flanagan said.

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