

**Indian Residential Schools
Resolution Canada**

Performance Report

*For the period ending
March 31, 2004*

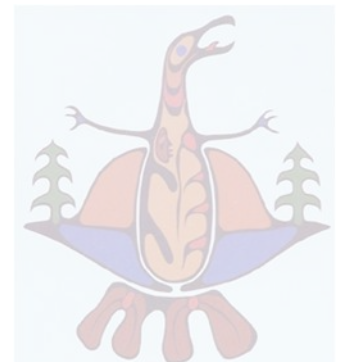
The Honourable Anne McLellan

Deputy Prime Minister and
Minister of Public Safety and
Emergency Preparedness



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Section 1 Minister's Message

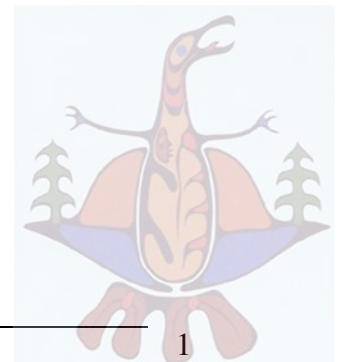
It is nearly impossible to enter an Aboriginal community and not hear about the effects that the residential school system has had on individuals, families and communities. Addressing the tragic legacy of these schools is an essential step in repairing the relationship with Aboriginal people. Indian Residential Schools Resolution Canada continues to work in partnership with other federal departments, former students, plaintiffs' lawyers, Aboriginal organizations and the churches involved in the operation of the residential school system to resolve the legacy of residential schools.

Over the past year, the department focussed on the implementation of the National Resolution Framework (NRF). The NRF is based on years of working with stakeholders to find an appropriate response to the claims arising from the residential school system. The NRF reflects the government's desire to achieve healing and reconciliation with former students specifically, and Aboriginal people more generally. The NRF offers a holistic approach to resolution that focuses on providing options to former students while ensuring that their health and safety needs are met.

The NRF is now fully operational and able to provide an alternative to litigation for resolving claims related to Indian residential schools. The Department spent much time meeting with members of the Aboriginal community and interviewing potential adjudicators to ultimately create the independent Adjudication Secretariat, located in Regina, Saskatchewan, that is responsible for adjudicating claims efficiently, fairly and humanely.

In addition to the Alternative Dispute Resolution (ADR) process, which offers a supportive and timely option to settle claims, all other elements of the NRF, including health supports and commemorative events, are operational. From the first few applications received in December 2003, 169 applications were received by March 31, 2004.

To further support the ADR process, the Department expended significant efforts in outreach initiatives that ensured potential claimants were aware of the new dispute resolution program and the advantages it offered over litigation. Great care was taken to ensure that the program respected and reflected cultural norms and values of Aboriginal communities. These efforts served as a base from which we have reached out to educate the public about the history of Indian residential schools and the consequences of that system.



The Department has worked very closely with other departments to ensure its program is delivered in the most efficient manner possible and in a way that complements other departments' initiatives. We have joined Health Canada in a partnership initiative to ensure that each claimant has the necessary mental health supports as they progress through a process that often revives painful memories from the past. Resolution Health Support Workers are available to help, and an emergency 1-800 Crisis Line is now in operation. The Department has also worked closely with Canadian Heritage as it implements language and culture initiatives that also contribute to healing and building stronger communities.

While the major thrust of the Department's energies have been directed towards implementation of the ADR process, the Department has also continued to address claims that have remained in litigation. At present, out-of-court settlements remain the largest portion of claims resolved; an increase of more than fifty percent over the previous year's totals. This is expected to shift as the ADR process implementation continues.

Building on the momentum of the apportionment agreements reached with the Anglican and Presbyterian Churches in the spring of 2003, the Department has continued to negotiate with Catholic and United Church representatives in an attempt to secure a commitment on their behalf to contribute their 30% of compensation to former students. The United Church has taken a moral approach to the compensation of former students and has demonstrated a principled interest in continuing the dialogue about how we will work together in the ADR process. The United Church has not reached an agreement, but has consistently paid their share of compensation for all validated claims. Significant progress was also made with several Catholic entities to build the groundwork for apportionment agreements.

In conclusion, Indian Residential Schools Resolution Canada has made great strides in implementing the innovative new processes identified collectively as the National Resolution Framework; it has raised the profile of issues related to the schools through participation at conferences, workshops and through media coverage; and it has continued efforts to ensure that all claimants are able to receive 100% of the compensation due to them. Claimants have indicated that they welcome the new process, and all indications are that the coming year will demonstrate the Department's capacity to manage the influx of new applications. I look forward to continuing to work with our Aboriginal partners to resolve the legacy of Indian residential schools.



Section 2 Management Representation Statement

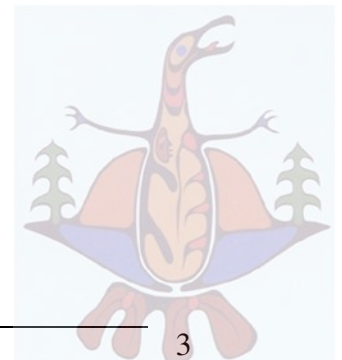
I submit, for tabling in Parliament, the 2003-04 departmental performance report (DPR) for Indian Residential Schools Resolution Canada.

This report has been prepared based on the reporting principles and other requirements in the *2003-04 Departmental Performance Reports Preparation Guide* and represents, to the best of my knowledge, a comprehensive, balanced, and transparent picture of the organization's performance for fiscal year 2003-04.

Mario Dion

Deputy Minister

Date



Section 3 Summary of Departmental Performance

As described in the table below, the Department has met the key priority that was identified in its *Report on Plans and Priorities* for 2003-04. There were no significant priority changes throughout the year and no parliamentary committee recommendations were made.

The Indian residential schools system is often blamed for many of the difficulties that exist in Aboriginal communities to date and resolving the legacy of Indian residential schools is a key aspect of the Government's objective to improve Canada's relationship with Aboriginal peoples. Addressing the tragic legacy of the schools will also serve to improve the health and well-being of Aboriginal peoples and will contribute to stronger communities.

Indian Residential Schools Resolution Canada (IRSRC) launched an ADR process as a humane, timely and sensitive option for those claimants who do not want to resolve their claim through litigation.

In 2003-04, IRSRC reached settlement with 422 claimants, the vast majority through out-of-court settlement.

Priority	Expected Outcome	Result
The management and resolution of Indian residential school claims.	Increasing number of legal claims settled out-of-court.	Successfully met expectations.



Section 4 Context

4.1 History of the Department

Residential schools were boarding schools for Aboriginal children between the ages of 5 and 16 years old that operated throughout Canada for well over a century.

The earliest residential schools predated Confederation and were run by church missionaries. The Government of Canada began to play a role in the development and administration of this system as early as 1874, as part of its federal responsibility, under the *Indian Act*, to provide education to Status Indians.

Residential schools operated over time throughout Canada. The schools were located in every province and territory, except Newfoundland, New Brunswick and Prince Edward Island. The Government of Canada operated nearly every school as a “joint venture” with various church organizations. The majority of these schools ceased to operate by the mid-1970s and the last federally-run residential school in Canada closed in Saskatchewan in 1996.

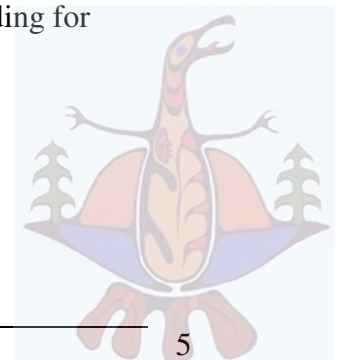
In 1996, the *Royal Commission on Aboriginal Peoples* (RCAP) outlined for the first time, in a comprehensive way, the impacts that the Indian residential schools system had, and continues to have, on Aboriginal peoples. In 1998, the Government of Canada responded to the RCAP Report with *Gathering Strength - Canada’s Aboriginal Action Plan*. This plan outlined a four-point strategy for addressing residential schools issues which remains as the foundation to IRSRC’s on-going priorities: apology; healing; improved litigation strategies and alternative dispute resolution.

Apology: The Government of Canada delivered a *Statement of Reconciliation* to all Aboriginal peoples which included an apology to those people who experienced sexual and physical abuse while attending residential schools.

It also stated that the federal government regretted the treatment of Aboriginal peoples:

“As a country, we are burdened by past actions that resulted in weakening the identity of Aboriginal peoples, suppressing their languages and cultures, and outlawing spiritual practices.”

Healing: The Government provided \$350 million to the Aboriginal Healing Foundation – an organization set up at arms-length from the Government to provide funding for community-based healing projects.



Litigation: In instances where claims proceed to court, government lawyers, working on behalf of IRSRC, represent the interests of the Crown and contribute to the management of the Government's response to the litigation. Where possible, we are working to move as many cases as possible away from the court and into faster and more compassionate processes for the individuals. Where cases remain in litigation, strategies have been put into place which respect the Government's Statement of Reconciliation and which recognize the need to resolve claims in a respectful and humane manner.

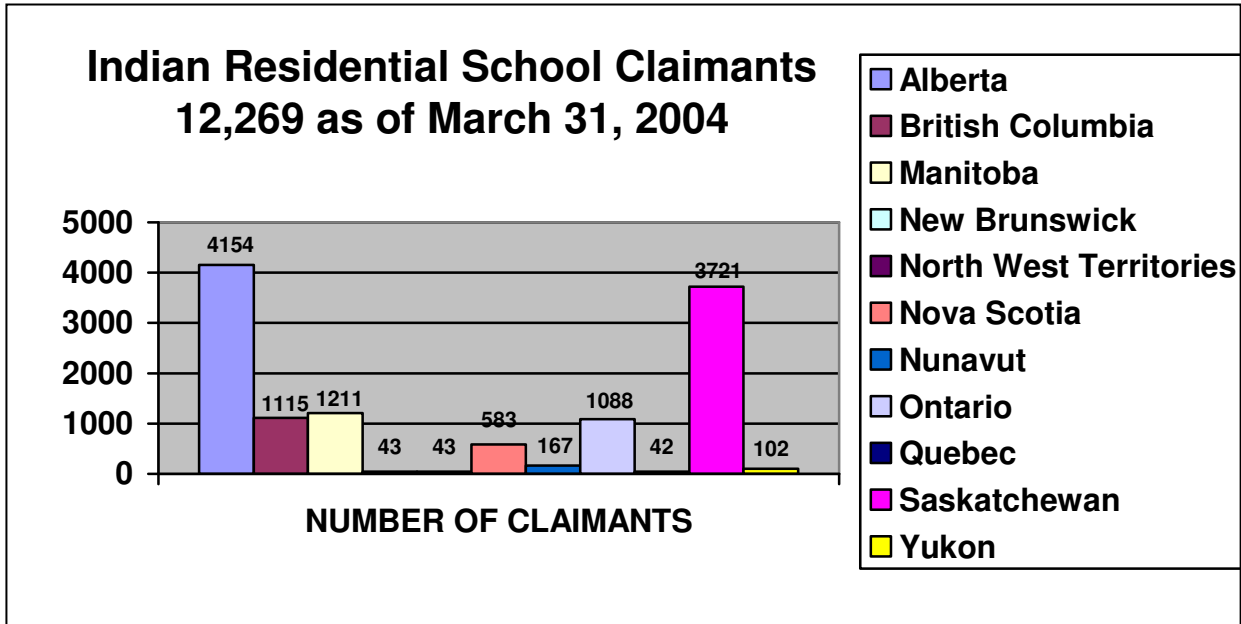
Dispute Resolution: The Government sponsored nine Exploratory Dialogues across Canada in 1998-99 which provided former students, government and church representatives with the opportunity to sit down and jointly develop solutions to resolve residential schools issues. This marked the first time the three parties were able to sit together and constructively discuss these issues. Flowing from the dialogues, the Government established a number of alternative dispute resolution pilot projects. At present, six alternative dispute resolution pilot projects are ongoing and succeeding in resolving claims while three others have been successfully concluded with all of the claimants who participated.

IRSRC was created on June 4, 2001 to centralize resources that are focused on resolving residential school claims and addressing the legacy associated with the schools. The Department is responsible for the coordination of all Indian residential schools activities on behalf of the federal government.

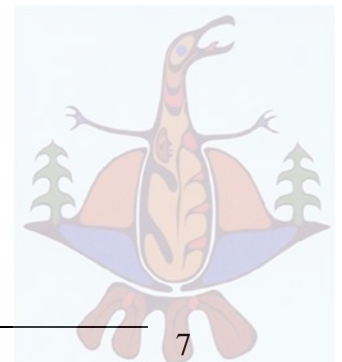
The Government of Canada began formal negotiations with the Anglican, Catholic, United and Presbyterian churches in June 2001 on the financial apportionment of compensation of residential school claims. While our attempt at a collective settlement with all four churches was unsuccessful, by March 2003, both the Anglican Church of Canada and the Presbyterian Church in Canada signed bilateral agreements and apportionment agreements have been reached with the Jesuits of Upper Canada, the Daughters of Mary, and the Diocese of Sault Ste. Marie for their involvement in the Spanish Indian residential schools, and with the Diocese of Prince George with respect to the Lejac Indian residential schools. Canada has also reached a cooperation agreement with the Grandin Oblates. The United Church has not reached an agreement, but has consistently paid their share of compensation for all validated claims.



As of March 31, 2004, a total of 12,269 individuals had made claims relating to Indian residential schools.



During 2003-04, 422 claims were settled due in large part to the Government of Canada's effort to expedite the resolution of claims whenever possible. The overall total number of claims settled as of March 31, 2004 is 1,147 including 12 trials.



4.2 Strategic Objective

Through partnerships with all levels of government, Aboriginal peoples, religious denominations and Canadian citizens, the Department creates initiatives that will:

- Work with former students, families and communities to remove barriers to healing and reconciliation and deal with intergenerational impacts;
- Provide options to former students to settle their claims in ways that are safe and sensitive for individuals;
- Centralize and focus federal efforts to resolve claims associated with the operation of the former Indian residential schools system in the most expeditious way possible;
- Coordinate negotiations between the Government of Canada and major church organizations regarding their shared responsibility for these claims;
- Implement Canada's wider objectives of healing and reconciliation with Indian residential school survivors and their communities; and
- Inform and educate Canadians about the impacts of Indian residential schools.

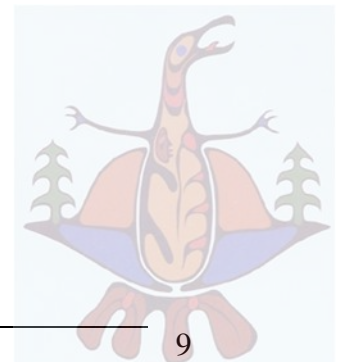
Overall, IRSRC maintains its strategic objective to address and resolve issues arising from the legacy of the Indian residential schools system in a fair and equitable manner that promotes closure, as well as individual and community healing.



4.3 Stakeholders

IRSRC strives to address the issues related to healing and reconciliation within Aboriginal communities by maintaining and strengthening collaborative working relationships with other organizations and the community including:

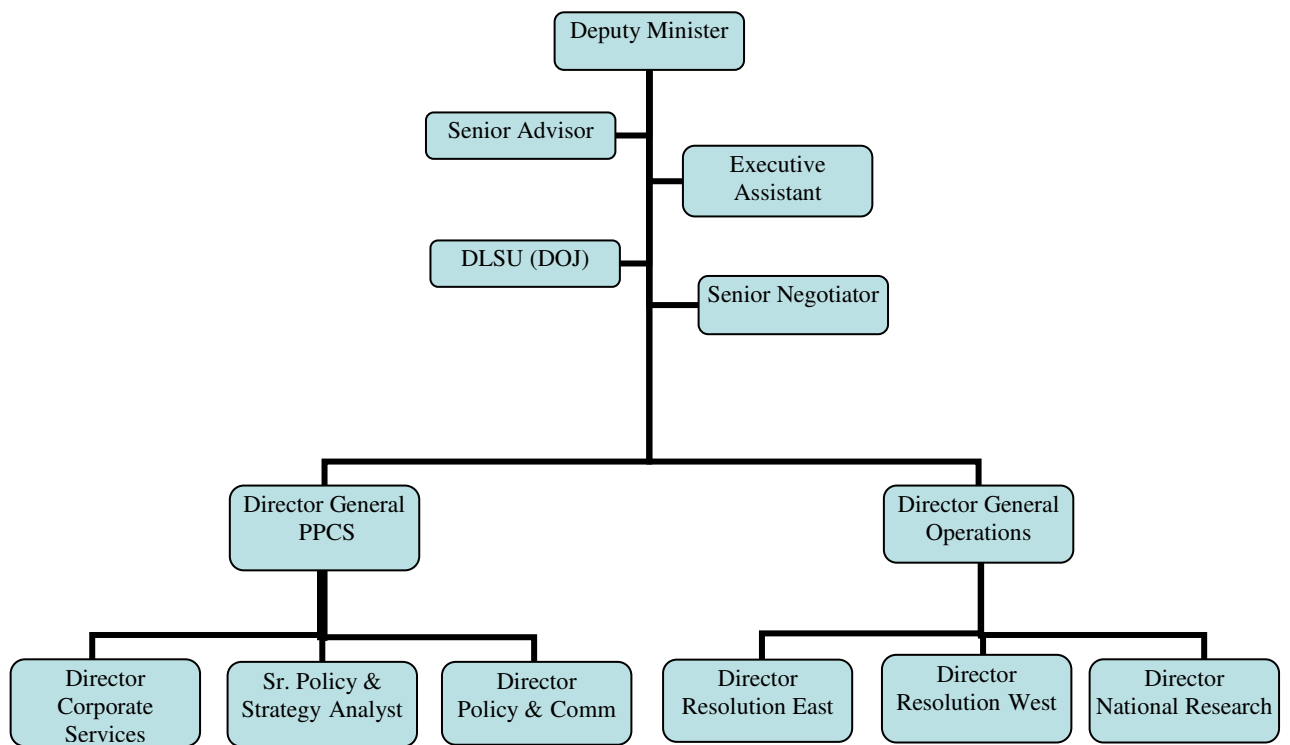
- Former students;
- The Aboriginal Healing Foundation, which provides funding for community-based healing projects;
- First Nations, Metis and Inuit national, provincial, and territorial organizations related to the provision of support for healing and reconciliation;
- Church organizations involved in developing and administering residential schools;
- Claimants' counsel; and
- Federal departments, including:
 - Health Canada for provision of status-blind health support services;
 - Department of Justice for legal advice in the development of the Framework including alternative methods of resolution;
 - Canadian Heritage to support community-based Aboriginal language and culture programs; and
 - Indian and Northern Affairs Canada for developing community-based Aboriginal culture.



4.4 Organizational Structure

The Honourable Anne McLellan, Deputy Prime Minister and Minister of Public Safety and Emergency Preparedness, is the Minister responsible for IRSRC.

The organizational chart below indicates the senior level of authorities within the Department and identifies their respective sector of responsibilities.



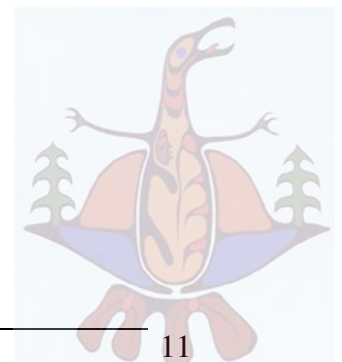
4.5 Accountability

The Minister is supported by a Deputy Minister who is the Department's Executive Director and Deputy Head. The Deputy Minister is accountable for the overall management of the Department, strategic policy direction, and the provision of executive support to the Minister. By virtue of his position, the Deputy Minister is also the Chief Federal Negotiator for the federal government on all matters relating to settlements of claims concerning Indian residential schools.

As illustrated by the organizational chart in *Section 4.4 - Organizational Structure*, the Deputy Minister is directly supported by both the Director General, Operations, and the Director General, Policy, Planning, and Corporate Services.

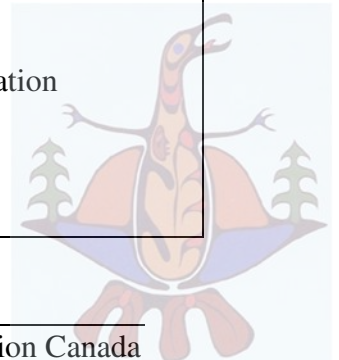
The Director General, Policy, Planning, and Corporate Services is responsible for policy and communications, litigation management, corporate administration and services (including human resources, finance, contracting and information technology), and commemoration initiatives. The Director General is also responsible for the management of the health – related components of the NRF; the large part being delivered by Health Canada and the remainder by the Department.

The Director General, Operations, is responsible for implementing and managing the ADR process and ensuring that claims within the ADR process are administered and resolved in accordance with established program authorities, processes and the approved compensation structure. The Director General is also responsible for the management and delivery of an extensive research program which supports both litigation and dispute resolution operations.



Section 5 High-level Logic Model

Strategic outcome
<ul style="list-style-type: none">• The management and resolution of the legacy of the Indian residential schools system.• More than 12,000 former students of Indian residential schools have filed a claim against the Government of Canada for abuse they suffered as children. Resolution of these claims will go a long way in repairing the relationship between Aboriginal and non-Aboriginal Canadians.• Overall resource allocation: planned spending (\$96.3 M); total authorities received (\$89.1 M); actual spending (\$77.4 M); and total FTEs (143).
Intermediate outcomes
<ul style="list-style-type: none">• The creation of a positive environment where hope for the future by Aboriginal peoples is restored, and the legacy of abuse passed from generation to generation is finally broken.
Immediate outcomes
<ul style="list-style-type: none">• The resolution of individual claims, with priority given to elderly and ill claimants.
Plans and priorities
<ul style="list-style-type: none">• Identify initiatives for addressing the legacy of abuse in Indian residential schools (actual spending – \$2.3 M)• Supporting programs which promote healing and reconciliation (actual spending – included in priority above)• Resolving outstanding claims as efficiently, effectively, humanely and compassionately as possible based on the Government’s offer of compensation (actual spending – \$70.3 M)• Prioritizing claimants with particular focus on elderly and ill claimants (actual spending – included in priority above)• Negotiating with churches to determine the shared cost of compensation (actual spending – \$0.7 M)• Funding dispute resolution processes (actual spending – \$4.1 M).



Section 6 Performance Discussion

6.1 Performance against priorities established for 2003-04

Identify initiatives for addressing the legacy of abuse in Indian residential schools

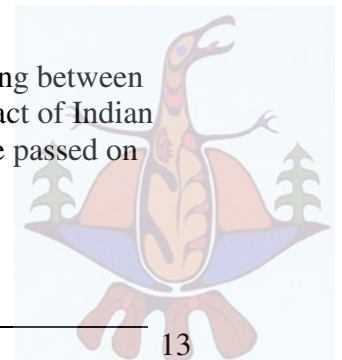
Health supports and commemorative events are key components of the NRF. Commemoration is an innovative program that advances individual and community healing, closure and reconciliation so that students can resolve their claims with a sense of satisfaction and move forward. It is a way of honouring and paying tribute to all former students whether they pursue a claim for compensation or not. In 2003-04, IRSRC undertook a series of community meetings for input on the final design of the commemoration program.

While IRSRC has only dedicated \$10 M to commemoration over seven years, it is the element that has the broadest impact and most long term benefits for survivors. Because it is not bound by legal rules and constraints, commemoration can reach a wide audience and is therefore able to address the intergenerational effects of Indian residential schools in a way that resolution of the legal claims alone cannot. There have already been several successful commemoration events attended by survivors, their families, friends and communities, Government and the Churches.

The Mental Health Support Program (MHSP) was established as one of the three main components of the NRF in November 2003. Because claimants are dealing with the difficult issues of childhood physical and sexual abuse, ensuring the health and safety of claimants, whether in ADR or litigation, is of utmost importance. To that end, the central purpose of the MHSP is to keep claimants safe while they are in the process of actively resolving their claim against Canada. To do this, the MHSP currently offers three main support services, including professional counselling, fifteen regionally-based health support workers and a 24-hour crisis line. The MHSP is jointly administered by IRSRC and Health Canada. The MHSP has a seven year budget of \$73 M.

For its part, IRSRC is responsible for the overall performance of the MHSP and the administration of the crisis line. Due to its experience in the field of mental health, Health Canada has been tasked with administering the counselling, transportation and health support worker components of the MHSP. IRSRC and Health Canada have established a close working relationship in which each department has MHSP-dedicated staff that is responsible for working together to ensure that claimants are able to obtain effective mental health services when and where they need them.

These programs help lead to improved relationships and better understanding between Aboriginal and non-Aboriginal peoples in Canada. By addressing the impact of Indian residential schools they also contribute towards breaking the cycle of abuse passed on from generation to generation.



Supporting programs which promote healing and reconciliation

It is nearly impossible to enter an Aboriginal community to discuss any issue without hearing reference to the impacts the Indian residential schools system has had. No less than 10% of the existing Aboriginal population attended an Indian residential school. In some communities whole generations went to a residential school. Some 12,000 individuals have filed claims against the Government and churches as a result of their experiences. When considering the effects of physical and sexual abuse and the inter-generational impacts these events can have, it is impossible to predict how many more Aboriginal peoples are affected.

While monetary compensation for abuses that occurred at Indian residential schools is essential, non-monetary aspects, including education, awareness and culturally appropriate ceremonies are an equally important aspect of healing and reconciliation. To this end, IRSRC has provided support for a myriad of activities, ceremonies and conferences that contribute to healing and reconciliation.

IRSRC has partnered with, among others, Aboriginal political organizations, such as the Assembly of First Nations (AFN), survivor societies, such as the Indian Residential Schools Survivor's Society, the Shingwauk Survivor Society, the National Residential School Survivor Society, the Legacy of Hope Foundation, the Inuit Women's Society, the University of Calgary, the Aboriginal People's Television Network, and many community organizations to support survivor conferences, healing ceremonies, ADR reviews, and information sessions.

IRSRC has also undertaken outreach efforts and has travelled to communities to provide them with information about the resolution processes available to former students and to answer questions community member may have.

Resolving outstanding claims as efficiently, effectively, humanely and compassionately as possible based on the Government's offer of compensation

In November 2003, IRSRC launched the ADR process and all of the elements of the NRF, first announced in December 2002, were operational. The launch of the NRF was delayed in order to incorporate two key changes put forward by stakeholders. Several stakeholders, including former students and their counsel, as well as Aboriginal political organizations such as the AFN, were vehemently opposed to two aspects of the process. IRSRC took the additional time to meet with stakeholders and amend the process prior to launching.



A key aspect of the NRF is that claimants may choose how to resolve their claim, either through individual or group dispute resolution, out of court settlement or trial. Initial uptake of the ADR has been good and nearly 600 claimants have applied since the launch. IRSRC has committed to resolving claims in the ADR process within 9 months with the first hearings having been held in May 2004.

In addition to the ADR process, IRSRC continues to resolve claims through out-of-court settlement. In 2003-04, 422 settlements were achieved. This is an increase of more than 180 over the previous year.

Interest in the ADR process is high and IRSRC has provided community briefings to many communities across Canada. These sessions provided former students with information about the NRF and gave them the opportunity to ask questions.

More than half of the ADR claims received to date are from claimants who had not previously filed a lawsuit for the abuse they suffered. While it was expected that most of the ADR claimants would be those who had previously filed a lawsuit, it is likely that many claimants are waiting to see how the ADR process works before deciding whether or not to move out of litigation.

Resolving claims outside of the court will result in reduced administrative and legal costs for the Government, improved administration of claims through better control, monitoring and reporting and increased speed of resolution of claims. The resolution of Indian residential school claims will also result in stronger working relationships with Aboriginal peoples and organizations and reconciliation with the Aboriginal community.

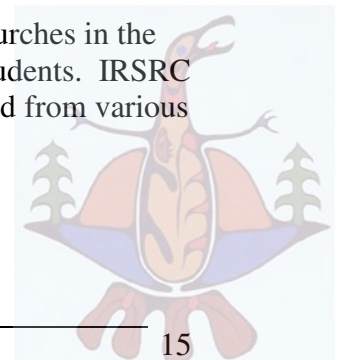
Prioritizing claimants with particular focus on elderly and ill claimants

Because Indian residential schools operated for more than a century, with the bulk in the 1940s to the 1960s, many former students are elderly or in ill health. IRSRC has committed to giving priority to these claimants, both in out-of-court settlements and through ADR.

Elders are highly respected in Aboriginal communities and identifying and expeditiously resolving the claims of those who are elderly and in ill health ensure that those who suffered abuse as children have the opportunity for resolution.

Negotiating with churches to determine the shared cost of compensation

Signing apportionment agreements with the Anglican and Presbyterian Churches in the spring of 2003 was an important step in reaching resolution with former students. IRSRC has also continued to work with representatives from the United Church and from various Catholic entities to reach similar agreements.



While the United Church has not signed an apportionment agreement, they have taken a moral approach with respect to Indian residential school claims and have paid their 30% share in every claim to date. We continue to work with the United Church to resolve Indian residential school claims.

In May 2003, the Deputy Minister was authorized to change the negotiation strategy with the Catholic Church. Until then, Canada had sought an agreement with the whole Catholic Church. The Catholic Church, however, has a decentralized corporate structure, in which the dioceses and orders are distinct legal entities, and Catholic representatives have not wavered from their position that a whole church approach to compensation is unacceptable.

Since May 2003, federal negotiators have met with representatives from several Catholic dioceses and religious orders. Canada has signed an apportionment agreement with the Jesuits of Upper Canada, the Daughters of Mary, and the Diocese of Sault Ste. Marie for their involvement in the Spanish residential schools, and with the Diocese of Prince George with respect to the Lejac Indian residential school. Canada has also reached a cooperation agreement with the Grandin Oblates. IRSRC will continue to negotiate with Catholic entities to reach apportionment agreements with additional Catholic entities.

These apportionment agreements represent a small portion of the Catholic liability, but are an important first step. They have helped to open the lines of communication with Catholic entities and they allow the Government and the church to work together to address residential school claims, eliminating legal and administrative costs associated with trying to determine apportionment. Most importantly, they ensure that claimants who attended the involved schools will receive 100% of compensation and can get closure from both the Government and the church.

Funding dispute resolution processes

Canada's first attempt to resolve Indian residential school claims outside of the courts came in the form of ADR Pilot Projects. Each pilot project involves a group of former students, the Government, and in some cases the church organization.

To date, more than 180 settlements have been reached through the pilot projects. However, only 3 of the original 10 projects have been completed, while 6 remaining projects continue at various stages of completion. One project based in Northern Ontario terminated without settlements having been reached. Despite the fact that the pilot projects have not progressed as rapidly as the government originally anticipated, they have been supportive of claimants' health and safety needs and have been a major factor in building good and healthy relations and keeping people safe. The pilot projects have offered significant lessons and were an essential foundation to building the current ADR process.



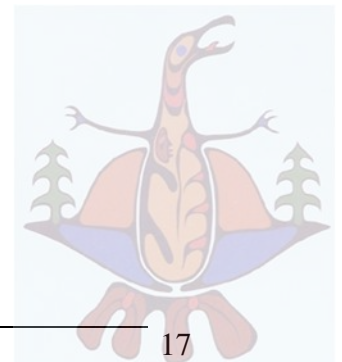
6.2 Risk Management

By committing to address and resolve issues arising from the legacy of the residential school system, the Government of Canada undertakes to thoroughly validate the claims for compensation. In its attempt to resolve these claims, the Government of Canada risks re-victimizing claimants during the validation process. While we are sensitive to this possibility, we strive to balance this risk with the requirement to validate claims in order to ensure fairness to the claimants and accountability to Canadians.

The NRF, designed as a holistic approach to resolving claims, includes status-blind health supports and uses independent arbitrators with binding authority to reduce the traumatic effects of the validation and hearing process.

The Government of Canada is seeking to resolve as many cases as possible outside the courts because litigation is confrontational and expensive. By moving to less adversarial environments and reducing legal costs, we expect to resolve claims in a manner that former students perceive to be more compassionate and equitable.

There are now more than 12,000 former students who have filed claims against the Government and the caseload is expected to grow. Current estimates say that it would take the courts 53 years to handle the caseload at a cost of \$2 billion in administration alone. By establishing the NRF, we propose to resolve these cases in seven years.



Section 7 Financial Tables

7.1 Summary of Voted Appropriations

The following table summarizes the resources voted to the Department by Parliament for the 2003-04 fiscal year.

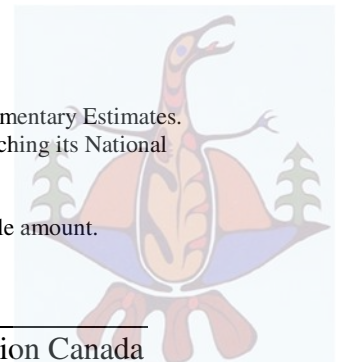
Financial Requirements by Authority (\$ millions)					
		2003-04			
Vote		Total Main Estimates	Total Planned Spending	Total Authorities ¹	Total Actual Spending
25	Operating expenditures	50.9	90.6	83.4 ²	68.3
25	Capital expenditures	0.2	0.2		0.7
25	Grants and Contributions	1.8	1.8	1.8	4.6
(S)	Contributions to employee benefit plans	3.7	3.7	3.7	3.6
(S)	Court Awards	-	-	0.2	0.2
	Total Department	56.6	96.3	89.1	77.4

Actual operating expenditures were lower than planned as a result of unanticipated delays in launching the Department's new comprehensive ADR process. These delays resulted in lower activity levels than were expected which caused actual operating expenditures to be lower than originally planned.

Furthermore, the government-wide staffing review announced in December 2003 precluded the Department from hiring additional staff in the fourth quarter to meet operational requirements. This resulted in actual operating expenditures on personnel costs to be lower than originally planned.

¹ Total authorities represent the funding allocated to the Department via Main Estimates and Supplementary Estimates. The Department received funding via the 2003-04 Supplementary Estimates for the purpose of launching its National Resolution Framework.

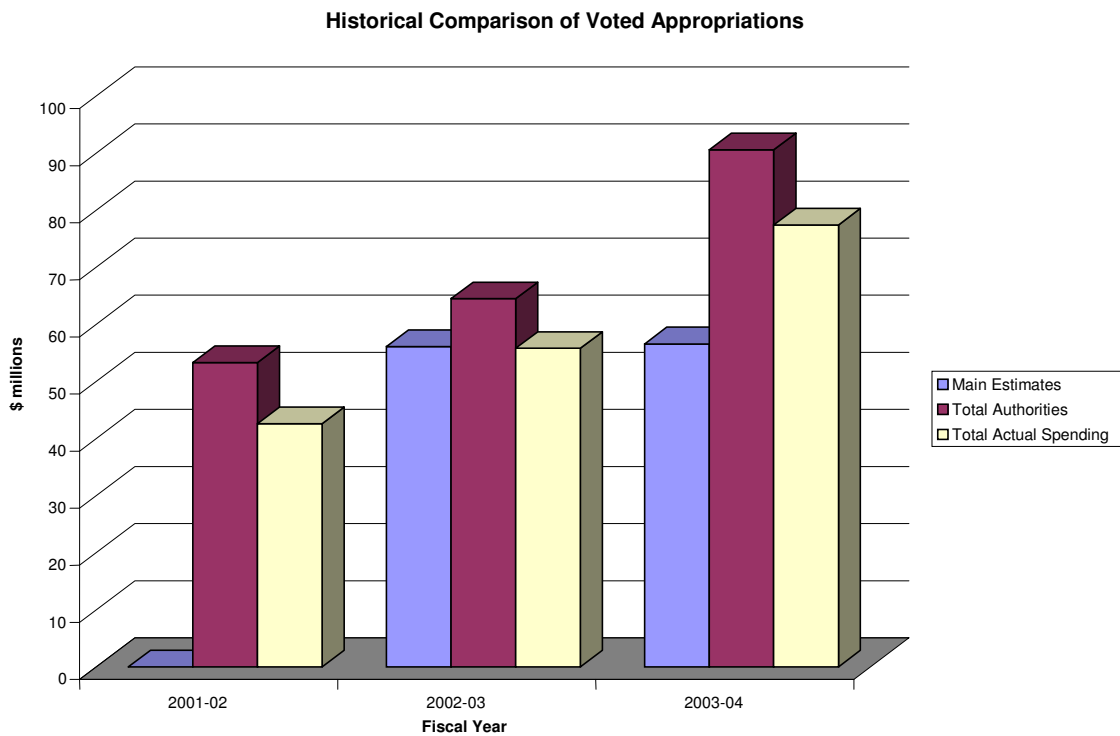
² The Department does not have a separate capital vote, thus total authorities are presented as a single amount.



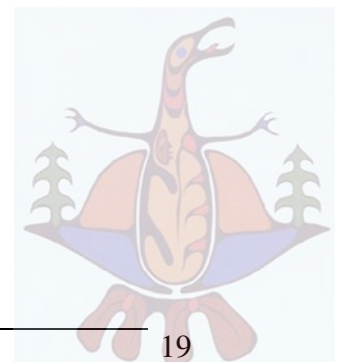
An analysis of spending on grants and contributions is provided in *Section 7.5 – Transfer Payments*.

An analysis of spending on contributions to employee benefit plans and court awards is provided in *Section 7.4 – Statutory Payments*.

Presented below is an historical comparison of voted appropriations from the Department’s creation in fiscal year 2001-02 to fiscal year 2003-04.



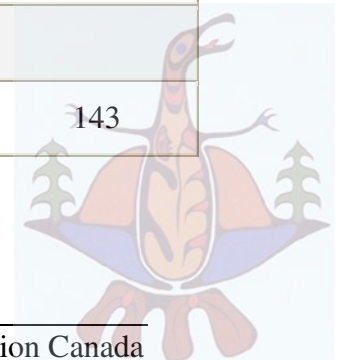
Total authorities and total actual spending have increased year-over-year as a result of the operational requirements necessary to support the design, development and implementation of the NRF, and the maturation of the existing litigation caseload.



7.2 Comparison of Total Planned Spending to Actual Spending

The following table provides a comparison of departmental planned spending versus actual spending for the 2003-04 fiscal year. The table also shows the net cost of operating the Department for the reporting period.

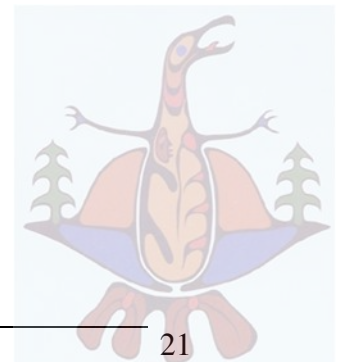
Departmental Planned Spending versus Actual Spending (\$ millions)				
	2003-04			
	Total Main Estimates	Total Planned Spending	Total Authorities	Total Actual Spending
Operating	54.6	94.3	87.1	71.9
Capital	0.2	0.2		0.7
Grants and Contributions	1.8	1.8	1.8	4.6
Court Awards (S)	-	-	0.2	0.2
Total Gross Expenditures	56.6	96.3	89.1	77.4
Less: Respendable Revenues	-	-	-	-
Total Net Expenditures	56.6	96.3	89.1	77.4
Other Revenues and Expenditures				
Non-respendable Revenues	-	-	-	-
Cost of services provided by other departments	=	<u>1.5</u>	<u>1.5</u>	<u>1.5</u>
Net Cost of the Program	56.6	97.8	90.6	78.9
FTEs	-	86	-	143



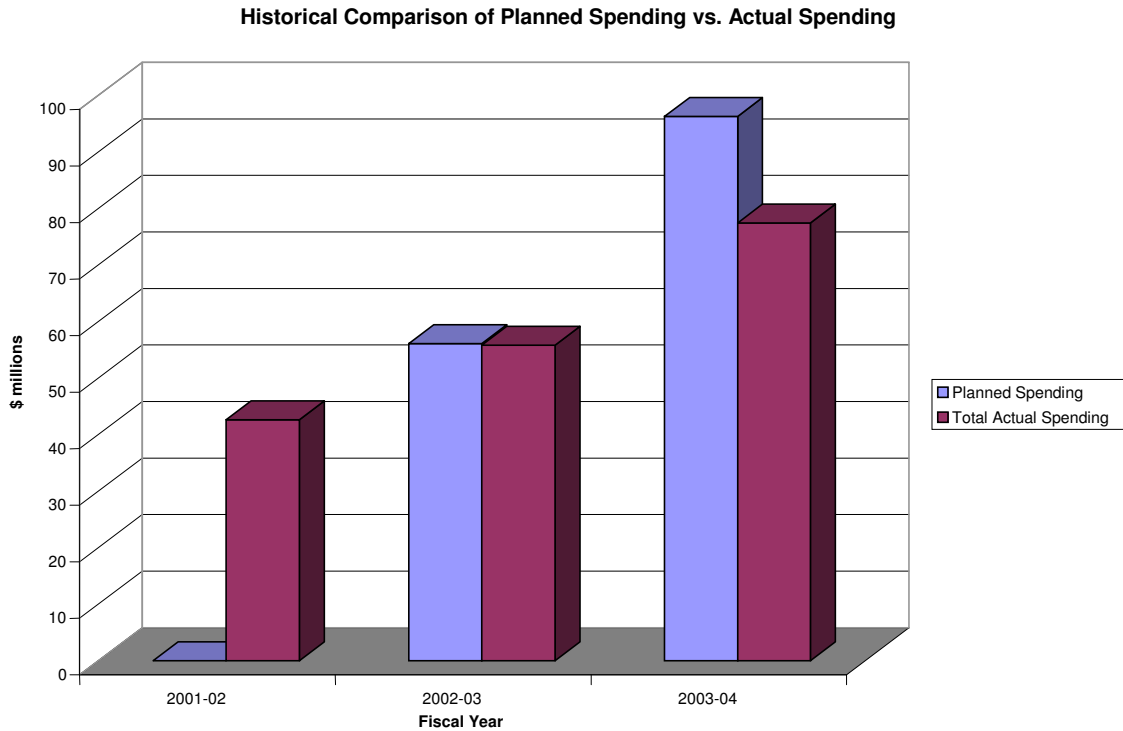
7.3 Historical Comparison of Total Planned Spending to Actual Spending

The following table provides an historical comparison of departmental planned spending versus actual spending from the Department's creation in fiscal year 2001-02 to fiscal year 2003-04.

Historical Comparison of Departmental Planned Spending versus Actual Spending (\$ millions)						
	2001-02		2002-03		2003-04	
	Planned	Actual	Planned	Actual	Planned	Actual
Indian Residential Schools Resolution	-	42.5	56.1	55.8	96.3	77.4



Presented below is a graphical illustration of the historical comparison between departmental planned spending and actual spending from 2001-02 to 2003-04.



Planned spending exceeded actual spending in fiscal year 2003-04 as a result of unanticipated delays in launching the Department’s new comprehensive ADR process (refer to analysis provided in *Section 7.1 – Summary of Voted Appropriations*).

As shown in the illustration above, the Department accurately planned its spending in fiscal year 2002-03 as the difference between planned spending and actual spending was insignificant.

Planned spending figures were not prepared for fiscal year 2001-02 since the Department was created after the release of the Main Estimates.



7.4 Statutory Payments

The following table identifies the statutory payments made by the Department in the 2003-04 fiscal year. For comparative purposes, actual spending on statutory payments for the two previous fiscal years is also provided.

Statutory Payments (\$ millions)						
			2003-04			
	Actual 2001-02	Actual 2002-03	Main Estimates	Total Planned Spending	Total Authorities	Total Actual Spending
Court Awards ³	0.3	0.3	-	-	0.2	0.2
Contributions to employee benefit plans	0.6 ⁴	3.3	3.7	3.7	3.7	3.6
Total Statutory Payments	0.9	3.6	3.7	3.7	3.9	3.8

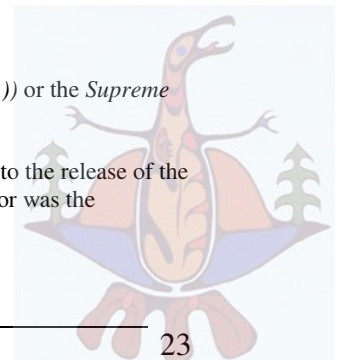
The Department makes statutory payments in the form of contributions to employee benefit plans, as well as for court awards. Court awards represent the compensation amounts and associated settlement costs for decisions rendered by the courts.

In 2003-04, actual spending increased to \$3.8 million compared to actual spending of \$3.6 million in the previous year. This \$0.2 million increase can be attributed to increased contributions to employee benefit plans as a result of increased staff levels. The Department hired more staff in 2003-04 to meet the operational requirements of implementing its new ADR process.

The increase in contributions to employee benefit plans was offset slightly by fewer court awards in 2003-04 than in the previous year.

³ Court awards are granted pursuant to either the *Crown Liability and Proceedings Act (section 30(1))* or the *Supreme Court Act (section 98)*.

⁴ Estimated cost based on 2001-02 staff salary costs. Since the Department was created subsequent to the release of the Main Estimates in 2001-02, no funding was allocated for contributions to employee benefit plans, nor was the Department directly charged for these costs.



7.5 Transfer Payments

The following table summarizes the transfer payments made by the Department in the 2003-04 fiscal year. For comparative purposes, actual spending on transfer payments for the two previous fiscal years is also provided.

Contributions (\$ millions)						
			2003-04			
	Actual 2001-02	Actual 2002-03	Main Estimates	Total Planned Spending	Total Authorities	Actual Spending
Total Contributions	2.6	0.9	1.8	1.8	1.8	4.6

The Department makes transfer payments, in the form of contributions, to groups of Indian residential school survivors to provide a process by which individuals with common claim elements, and a desire to resolve their claim in a group setting, can proceed through the dispute resolution process.

Contributions are also made to eligible Aboriginal and non-Aboriginal organizations, institutions and individuals for the purpose of obtaining diverse viewpoints and advice on a range of Indian residential schools issues, including the design and development of policies and programs within the NRF.

Actual spending exceeded planned spending in 2003-04 by \$2.8 million due in large part to the fact that six of the ADR pilot projects operated beyond their targeted completion date. The issues addressed in these pilot projects proved to be more complex than originally anticipated.

In 2003-04, actual spending increased to \$4.6 million compared to actual spending of \$0.9 million in the previous year. This \$3.7 million increase can be attributed in part to an increase in the number of initiatives and organizations funded. Many of these initiatives were aimed at increasing awareness of the Department's new ADR process within Aboriginal communities. The spending increase can also be attributed to the unplanned extension of the ADR pilot projects as discussed above.



7.6 Contingent Liabilities

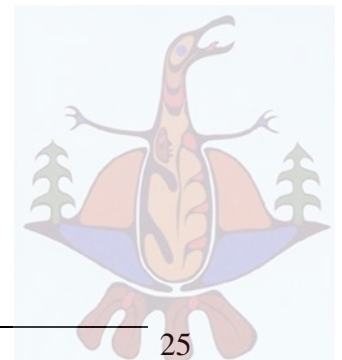
The following table shows the Department's contingent liabilities at March 31 for the fiscal years 2001-02 through 2003-04.

Contingent Liabilities (\$ millions)			
	Amount of Contingent Liabilities		
	March 31, 2002	March 31, 2003	Current as of March 31, 2004
Total Litigations	659.4	1,104.0	1,002.9

The contingent liabilities represent the Department's best estimate of the potential liabilities arising from claims of physical and sexual abuse at Indian residential schools.

The estimate is based on an analysis of the Department's claims inventory, its experience to date in resolving these claims, and on Department of Justice litigation experience.

The estimate at March 31, 2004 is lower than the estimate at March 31, 2003 due primarily to the settlement of over 400 claims during the 2003-04 fiscal year.



7.7 Foundation

The *Legacy of Hope Foundation* (LHF) is an Aboriginal-operated, not-for-profit organization that is independent of government. In 2003-04, the Department paid \$0.4 million to the LHF through a contribution agreement.

The LHF used the monies received to develop and promote exhibits that honoured and commemorated, at a national level, Indian residential school survivors from all Aboriginal groups. The LHF also used the monies received to develop and plan for the *National Gathering Day of Commemoration* held in July 2004.

In accordance with the financial requirements of the contribution agreement, and to ensure that contribution resources were used in accordance with the conditions of the agreement, the LHF provided the Department with quarterly activity reports and an annual audited financial report.



Section 8

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