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Budget 2025: A New Era in Indigenous-Canada Relations?

by Riley Yesno

WHEN PIERRE POILIEVRE, was defeated in the April election, many Indigenous people (in my circles, at least) warned that while we may have avoided the lesser of two evils, we shouldn't expect Mark Carney to be our friend.

This prediction now seems especially sage. If the new federal government's lack of engagement with reconciliation, paired with plans to expedite resource development without Indigenous consent, isn't an indication of this, Budget 2025 surely is.

Just six months into his term as Prime Minister, Carney has shown exactly who he plans to befriend, and it's not Indigenous people.

Instead, in the Budget 2025 foreword, the Carney Liberals reveal they are courting "The nexus between energy security, economic security, and national security". In other words, we will be investing in the energy sector (primarily conventional fossil fuels, rather than renewable energy), in profit-producing industries, and in national defence. While there are certainly investments outside these three policy areas, the funding is minimal.

This is mainly due to Budget 2025's massive cross-sectoral expenditure savings efforts. To put these cost-cutting measures into perspective: Where the last budget promised $53 billion in new funding for the fiscal year, this budget promises only $20.1 billion (Budget 2025, p 231) — a significant reduction in annual spending.

Indigenous Nations and non-Indigenous communities alike have been asked to accept this budget as a 'generational' project. The result is that we all have to make sacrifices in our expectations of the government for the greater good of the nation. In my view, Canada will have a hard time convincing Indigenous people that such cuts are remotely justified.

In Ottawa, these funding cuts have been anticipated for some time. Many federal departments have been bracing for austerity. Indeed, according to Budget 2025, most federal departments have been asked to "find savings" of up to 15 percent.

Indigenous affairs seem to have been spared somewhat. In contrast to other federal departments, Indigenous-Crown Relations (CIRNAC) and Indigenous Services Canada (ISC) have only been asked to cut their funding by 2 percent each.

While modest compared to other departments' reductions, these cuts amount to almost *$2.3 billion in spending by spring 2030,* according to the CBC.

What does this look like for Indigenous Nations in material terms?

The Indigenous Budget

Despite the reductions in spending, $9.29 billion is allocated to Indigenous affairs over the next five years (p. 159).

There are three significant areas of spending comprising over 65% of total Indigenous-related spending:

- **$2.3 billion over three years,** starting in 2026–2027, to renew the First Nations Water and Wastewater Enhanced Program.
- **$2.8 billion** is being confirmed for urban, rural, and northern Indigenous housing.

- **$1 billion** over four years for Transport Canada to create the Arctic Infrastructure Fund, which will invest in major transportation projects in the North with dual-use applications for civilian and military use, including airports, seaports, all-season roads, and highways (p. 137).

Beyond this, a *whopping $117.3 million* in new funding is related to consultation and bolstering Indigenous capacity in "national-interest" development negotiations.

While not addressing the many social issues that Indigenous Nations have made clear are required to "close the gaps", the new financing at least means the federal government recognizes that it will require extensive engagement with Indigenous Nations to pursue the many national-interest economic projects they're talking about—and that engagement costs money. How that money will be used, and whether it is accompanied by the time needed to build meaningful partnerships, is another discussion entirely.

Beyond this, we also see:

- **$216.6 million per year** (though, notably, only starting in 2029–2030), to be allocated to Employment and Social Development Canada, Indigenous Services Canada, and Crown-Indigenous Relations and Northern Affairs Canada to make the National School Food Program permanent;
- **$21 million** Transferring Housing and Infrastructure Services to First Nations Communities;
- **$26 million** to secure Indigenous Data Sovereignty;
- **$7 million** for the Indigenous Tourism Fund and Association; and
- **$14 million** allocated to pursuing Additions to Reserve processes.

Reading Between the Lines

So we have the budget and all of its explicit totals, but, as always, we must consider the politics beyond the text.

First, this budget attempts to "have its cake and eat it too." Specifically, we see Carney's Liberals place great emphasis on "fast-tracking nation-building infrastructure projects by streamlining federal review and approval processes." At the same time, they promise to maintain "strong environmental protections, upholding Indigenous rights, and creating opportunities for Indigenous Peoples to derive economic benefits from major project development."

As many Indigenous Nations that have been involved in major economic projects (which, in the Canadian context, almost always means resource extraction projects) will attest, the process to come to mutually beneficial agreements around these projects often takes a great deal of time, investment in Indigenous-led assessments, and extensive consultation—all of which is not conducive to this accelerated nation-building vision Budget 2025 puts forward.

Beyond this, several items in Budget 2025 lack specific monetary amounts, making it difficult to determine precisely how much Indigenous Nations should expect to benefit.

For instance, Budget 2025 promises to "conclude fuel, alcohol, cannabis, tobacco, and vaping value-added sales tax arrangements with interested Indigenous governments," which will increase "the Canada Infrastructure Bank's target for investments in Indigenous infrastructure that benefit First Nations, Inuit, and Métis communities from at least $1 billion to at least $3 billion across its priority sectors," and the Indigenous Loan Guarantee Program "from $5 billion to $10 billion."

There are only two specific Indigenous infrastructure programs that the government commits to supporting in this Budget, which may help address the discrepancy I have indicated (p. 103-104). Among 20 other non-Indigenous infrastructure programs listed, only support for the Inuit Nunangat University and the Lac La Ronge Indian Band Kitsaki Hall are named. There is currently no specific monetary commitment attached to either.

Additional questionable elements in Budget 2025 include a lack of transparency regarding the amount of funding that will actually be put in Indigenous hands, and how existing Indigenous-focused programming will be continued.

An initial read of the budget might lead one to believe that up to $19 billion is being designated to Indigenous infrastructure (p. 287). However, a closer look shows that Indigenous Nations are lumped in with municipal communities as recipients of this funding.

As such, we see that the actual amount allotted to Indigenous Nations is much lower, and no figure beyond the $2.8 billion already discussed is explicitly directed towards them.

What's more, many items listed under Budget 2025's "Indigenous Reconciliation" section (p. 274) are not necessarily "new commitments" but rather those we should already expect to exist as a result of legal, treaty, and land claim rights. For instance:

- Just over $1 billion is being allocated for continued support for Jordan's Principle;
- $15 million is allocated for the ongoing management of Indigenous Childhood Claims;
- $665 million for Non-Insured Health Benefits; and
- $84 million for upholding federal obligations under the renewed Nunavut Land Claims Agreement Implementation Contract. In new funding, it is only $60 million.

The Impact for Communities

Already, Indigenous advocacy bodies and organizations are responding. Inuit Tapiriit Kanatami (ITK), the national representative organization protecting and advancing the rights and interests of Inuit in Canada, has expressed deep concern with the lack of additional funding for the Inuit Child First Initiative (the Inuit equivalent to Jordan's Principle)—the current funding sunsets in March 2026.

ITK also called the lack of ongoing funding to end tuberculosis in Inuit Nunangat by 2030, despite previous commitments, a "willful neglect of this public health emergency" that threatens to reverse the progress that has been achieved.

Others have also criticized the federal government for failing to live up to its commitments. Disappointment was palpable from the National Association of Friendship Centres, which had "believed this government would enhance support for Friendship Centres as promised in their Liberal Party platform." The organization called attention to the fact that the "Urban Programming for Indigenous Peoples (UPIP), which provides core funding for Friendship Centres, sunsets in 2026."

As such, without any additional commitments, many urban Indigenous communities are left questioning how the programming they rely on will continue to be operational.

Overall, Budget 2025 makes previous budgets, insufficiencies and all, seem generous. As Budget 2025 has now passed its votes of confidence, Indigenous Nations, Canada's civil service, grassroots groups, and others are looking at a substantial decline in federally provided operating funds, which will drastically impact the services they can provide.

In previous budget analyses, I discussed how even relatively significant investments into Indigenous communities were insufficient to meet community needs. So what does this degree of reduction mean—even if Indigenous affairs are being comparatively spared?

To put it bluntly: It means generational funding gaps will be further compounded, existing progress potentially reversed, and Indigenous communities left with even more work to do.

CITATION

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Appendix (All Directly Quoted)

FUNDING

- $10.1 million over three years, starting in 2025-26, to Crown-Indigenous Relations and Northern Affairs Canada to continue leading the Federal Initiative on Consultation to support the meaningful participation of Indigenous rightsholders in consultation processes throughout the review cycle of national interest projects listed under the Building Canada Act, including through Indigenous-led resource centres and consultation protocols. (p. 81)
- $40 million over two years, starting in 2025-26, to Indigenous Services Canada through the Strategic Partnerships Initiative to support Indigenous capacity building and consultation on nation-building projects prior to designation under the Act. (p. 81)
- $1 billion over four years, starting in 2025-26, to Transport Canada to create the Arctic Infrastructure Fund, which will invest in major transportation projects in the North with dual-use applications for civilian and military use, including airports, seaports, all-season roads, and highways. (p. 137)
- $25.5 million over four years, starting in 2025-26, to Crown-Indigenous Relations and Northern Affairs Canada, and $41.7 million over four years, starting in 2025-26, to Canadian Northern Economic Development Agency, to help accelerate regulatory processes in Canada's North—including consultation with Indigenous governments and organizations, and local northern communities. (p. 138)
- $2.3 billion over three years, starting in 2026-27, to renew the First Nations Water and Wastewater Enhanced Program. (p. 159)
- $2.8 billion is being confirmed for urban, rural, and northern Indigenous housing. (p. 159)
- $216.6 million per year, starting in 2029-30, to Employment and Social Development Canada, Indigenous Services Canada, and Crown-Indigenous Relations and Northern Affairs Canada, to make the National School Food Program permanent. (p. 163)
- 155 million Funding for First Nations Elementary and Secondary Education (p. 274)
- 557 million Continued Implementation of An Act Respecting First Nations, Métis and Inuit Children, Youth and Families (p. 274)
- Minus 29 million in Previous Provisions (p. 274)
- 122 million Continued Support for the Inuit Child First Initiative (p. 274)
- 1.033 billion Continued Support for Jordan's Principle (p. 274)
- 111 million Support for Emergency Management Response and Recovery Activities on Reserve (p. 274)
- 6 million Renewing Support for Flood Mapping on Reserve (p. 274)
- 21 million Transferring Housing and Infrastructure Services to First Nations Communities (p. 274)
- 34 million Renewing Urban Programming for Indigenous Peoples (p. 274)
- 60 million Maintaining the Assisted Living Program for First Nations (p. 274)
- 7 million Indigenous Tourism Fund and Association (p. 274)
- 26 million Advancing Indigenous Data Sovereignty (p. 274)
- 14 million Redesigning Additions to Reserve Policy (p. 274)
- 15 million Ongoing Management of Indigenous Childhood Claims (p. 274)
- 5 million Renewing First Nations Negotiation Funding Support (p. 275)
- 665 million Non-Insured Health Benefits (p. 275)
- 84 million Upholding Federal Obligations Under the Renewed Nunavut Land Claims Agreement Implementation Contract (p. 275)
- $60 million when subtracting previously allocated funds.

Totals: 9.339 billion

Minus Previous Provisions: 9.296 billion

NON (SPECIFIC) MONETARY

- "The federal government aims to conclude fuel, alcohol, cannabis, tobacco, and vaping value-added sales tax arrangements with interested Indigenous governments".
- "The government is also increasing the Canada Infrastructure Bank's target for investments in Indigenous infrastructure that benefit First Nations, Inuit, and Métis communities from at least $1 billion to at least $3 billion across its priority sectors".
- "Explore the creation of a bonding and surety backstop pilot project for First Nations contractors on reserve to enable on-reserve construction companies to bid for infrastructure projects, as well as a standalone pilot scheme to monetize federal transfers to support financing for First Nations infrastructure on reserve".
- Infrastructure: The Inuit Nunangat University, as well as the Lac La Ronge Indian Band Kitsaki Hall in Saskatchewan, were named among the initial projects Ottawa is supporting
- "The government will also empower and support opportunities for proactive partnerships with Indigenous Peoples, including through the Canada Infrastructure Bank's Indigenous Equity Initiative, and the Indigenous Loan Guarantee Program—which we doubled from $5 billion to $10 billion, enabling more Indigenous communities to become owners of major projects".
- Major Projects Office. "Funding will also support the Indigenous Advisory Council".

DEPARTMENTAL OVERVIEW

- 69.3 million for CIRNAC ongoing
- 494 million ongoing ISC
    - Each needs a 2% savings target
    - This translates to a total cut of almost $2.3 billion by spring 2030.