

Capital Facilities and Maintenance Program

The Capital Facilities and Maintenance (CFM) program within Aboriginal Affairs and Northern Development Canada (AANDC) is the main pillar of the Government of Canada's effort to support community infrastructure for First Nations on reserve.

The program's funding, which totals over \$1 billion per year, is invested in four main areas: housing, education, water and wastewater systems, and other infrastructure (roads and bridges, fire protection, electrification, community facilities, etc.).

The main objectives of the CFM program are to make investments that:

- maximize the life cycle of physical assets;
- mitigate health and safety risks;
- ensure assets meet applicable codes and standards; and
- ensure assets are managed in a cost-effective and efficient manner.

The program has three funding streams - operations and maintenance (O&M), minor capital (for projects under \$1.5 million) and major capital (for projects over \$1.5 million).

Major capital projects are subject to the department's national priority ranking framework. The framework's priorities are:

1. Protection of health and safety and assets (assets require upgrading or replacement to meet appropriate standards);
2. Health and safety improvements (upgrades of existing assets, new construction/acquisition projects to mitigate an identified significant risk to health and safety);
3. Recapitalization/major maintenance (extend the useful operating life of a facility or asset, or maintain the original service level of the asset); and
4. Growth (anticipated community growth requiring new housing, roads, schools, community buildings, etc.).

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The CFM program's funding is managed through regional five-year capital plans, which list specific projects the region plans to undertake, subject to the availability of funding. It is made up of projects identified by First Nations in their capital plans and other specific projects that First Nations identify throughout the year. INAC's National Capital Management Board and Regional Investment Management Boards oversee CFM program investments.

The Department prioritizes spending to get the money where it is needed most. This includes reviews of our capital budget on an ongoing basis to ensure that health and safety concerns are addressed within available funding levels.

The program has been under considerable pressure for many years. Key pressures have included:

- rising construction costs, particularly in Western Canada;
- rising fuel costs, driving project costs and operations costs;
- increasing operations and maintenance costs, which require a larger share of program funding;
- premature rust-out of assets, often due to a lack of regular maintenance and limited local capacity to operate; and
- infrastructure funding diverted to cover price and volume increases in social and education costs.

In assessing the best way to respond to these pressures, and most effectively allocate our funds we need to carry out detailed work to assess current state of community infrastructure and determine how best to target our investments.

At the same time, many worthwhile projects are deferred due to the need to fund projects with more immediate health and safety impacts. To ensure that we are spending our resources where they are needed most, we rely on our ranking framework to allocate resources to the highest priorities.