

New Fiscal Relationship

Presentation to FNHMA
Banff, Alberta
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Objective: Closing the Gap

- The gap between First Nation citizens & other Canadians must close
- To get there, AFN & ISC are working toward a new fiscal relationship
- The basic equation: ***Money + Control = Results***

Money: Challenges

- Insufficient funding
 - Funding levels do not match those available to other governments for their citizens let alone support closing the socio-economic gap
- Obstacles to own-source revenue generation
 - Revenue sharing (resources and other)
 - Tax jurisdiction
 - Economic development

Money: Solutions

- The premise of Canada, not just policy or charity
 - “Federal funds”, “taxpayer dollars” & “Indian moneys”
- Catch Up & Keep Up
 - Years of underfunding require catch up
 - Based in Treaty, in title, on need
 - Establish escalators to keep up
 - Total population and inflation
 - Remoteness
 - Build capacity, assess needs & invest on an ongoing basis
- Support revenue generation
 - Fair share of lands & resources
 - Economic development opportunities
 - First Nation governments decide how to use tax powers

Control: Challenges

- Unpredictable funding
 - GOC decides how much money there will be, when & for how long
- Inflexible funding
 - GOC decides what the money is to be used for
- Administrative & reporting burden
 - GOC requires multiple funding applications & accountability reports from FNGs

Control: Solutions

- Increase predictability with reliable, long-term funding
- Increase flexibility by removing policy & program constraints
 - First Nation governments set their own priorities & investments
 - Report to citizens on results, not to GOC on compliance
- Single, whole-of-government agreement
 - Single funding “authority” means one process to get funds & one accountability report
 - Begin with 10-year grant April 1, 2019
 - Move toward statutory transfer as between GOC & provinces/territories

Results: Challenges

- GOC does not manage for results
 - First Nation governments not supported to do so
- Accountability is compliance based
 - First Nation governments are treated like “recipient agencies”
- The gap in quality of life between First Nation citizens & other Canadians is not closing

Results: Solutions

- First Nation governments account to their own citizens based on community plans & priorities
- GOC and First Nation governments account to each other based on mutual agreements
 - As equals, not coerced
- All governments monitor, measure & report on results, then adapt to improve
 - Need for better statistics & data, performance measurement systems, cooperation

Phase I Process

- 2016 MOU between National Chief and INAC Minister Bennett
- Created joint technical working groups for co-development
 - AFN created Chiefs Committee on Fiscal Relations
 - GOC created ADM Oversight Committee
- Engagement sessions across regions
- Report to Chiefs-in-Assembly December, 2017

Phase II: Objectives

- Resolution 66/2017 called for implementation of report recommendations,
 - Create 10-year grant
 - Replace Default Prevention & Management Policy
 - Repeal First Nations Financial Transparency Act
 - Create Joint Advisory Committee
 - Direction on new fiscal policy framework
 - Recommendations on First Nation governance support structure

Phase II: Progress

- 10-year grant in place for April 1, 2019
 - Will surpass target 100 First Nations
 - Support for more April 1, 2020 & forward
- Recommendation for replacement to DPMP near ready
 - Need to engage & validate
- GOC committed to repeal of FNFTA
 - Developing new governance support structures
 - No enforcement in the interim
- Joint Advisory Committee on Fiscal Relations created

Phase III

- JACFR will provide advice April 1, 2019
- Recommend objectives, principles & process
 - New fiscal policy framework
 - Statutory transfer mechanism
 - Catch up & keep up
 - Revenue generation
 - Governance
 - Support First Nation governments
 - Capacity enhancement
 - Institutions & service providers

Conclusion

- Good progress on Phase II
- Big picture in Phase III
 - Federal election in October
 - Rights framework, jurisdiction, related questions
- Relationships must be ongoing, same applies to fiscal relationship
 - Establish a learning cycle and ongoing improvement