

# MEMORANDUM OF UNDERSTANDING

BETWEEN THE  
**ASSEMBLY OF FIRST NATIONS**  
AND  
**INDIGENOUS AND NORTHERN AFFAIRS CANADA**

Canada



Whereas the Assembly of First Nations and Indigenous and Northern Affairs Canada (hereinafter referred to as the "Parties") are committed to supporting the renewal of a nation-to-nation relationship between First Nations and the Crown based on the recognition of rights, respect, co-operation and partnership;

Whereas the Parties recognize the need for action to improve the economic and social outcomes and the overall well-being of First Nations as nations, communities and citizens and steps towards these goals must include the joint establishment of proper and fair intergovernmental fiscal relations;

Whereas the Parties have agreed to work together to eliminate disparities and inequities in the socio-economic conditions between First Nations and other Canadians;

Whereas First Nations have established governance structures and their governments must fully participate in the design and delivery of essential programs and services to First Nations citizens including supporting fiscal arrangements;

Whereas the Assembly of First Nations, in its 2015 "Closing the Gap" priorities document, called for a lifting of the 2% cap on annual funding increases to First Nations and the establishment of a new fiscal relationship with the Government of Canada, including new fiscal transfer arrangements with equitable escalators for ongoing funding;

Whereas, the Prime Minister mandated the Minister of Indigenous and Northern Affairs to work with the Minister of Finance to establish a new fiscal relationship that lifts the 2% cap on annual funding increases and moves towards sufficient, predictable and sustained funding for First Nations communities; and

Whereas Canada is now engaging in parallel collaborative policy development processes with First Nations across Canada, including on reform of education and child and family services, on the renewal of the self-government fiscal approach, as well as other discussions, that will contribute to joint work on a new fiscal relationship;

Now, therefore, the Parties agree as follows:

## Purpose

1. It is intended by the Parties that this MOU will immediately initiate a process for Canada and First Nations to jointly undertake a comprehensive review of the existing fiscal relationship, research, and develop proposals and recommendations for the design of a new fiscal relationship that moves toward sufficient, predictable and sustained funding, and lifts the 2% cap on annual funding increases to First Nations.

## Structure and Membership

2. To advance this goal, the Minister and the National Chief will establish a First Nations – Canada Joint Committee on the Fiscal Relationship (*Joint Committee*).
3. The Joint Committee will be comprised of two representatives from each Party, and will develop terms of reference for the operation of the Joint Committee.
4. The Joint Committee will convene such Technical Working Groups, composed of representatives from each Party, as may be required to advance agreed upon work plans.
  - a. Technical Working Groups may be established to develop a review of the existing fiscal relationship, conduct research, and develop proposals, options and recommendations for the design of a new fiscal relationship.
  - b. Options, proposals, and recommendations developed by Technical Working Groups will require approval by the Joint Committee before being presented to the Minister and National Chief for their consideration.
  - c. Subject matter experts may be brought in, as necessary, by each Party.
  - d. Technical Working Groups will provide monthly progress reports to the Joint Committee on the respective work plan.
5. The Parties will recognize and reflect the diverse and evolving relationships between First Nations governments and the Crown in implementation of this Memorandum of Understanding.
6. The Parties agree to work together in a collaborative manner to achieve shared goals and collective commitments.
7. Canada agrees to resource engagement with First Nations to meet the purpose and objectives of this MOU.

## Other Membership

8. With agreement of the Parties, other groups and/or representative organizations may participate in the process(es) laid out herein, including members of the re-established Chiefs Committee on Fiscal Relations who will provide political oversight to AFN's activities.

## Mandate

9. The Joint Committee will fully examine the current fiscal arrangement(s) to identify areas/elements of the existing relationship that are impeding progress in moving towards a government-to-government relationship.
10. The Joint Committee will also examine the mechanisms required to secure the consent of interested First Nations.

11. The Parties agree to share relevant information in their possession, develop terms of reference for their work, an accompanying work plan, and jointly produce proposals, options, and recommendations on:
  - a. Options for replacing the 2% cap and identification of cost drivers in First Nations communities;
  - b. Options for closing existing socio-economic gaps, including appropriate metrics and performance indicators;
  - c. Funding approaches and financial transfer mechanisms required to support a government-to-government relationship;
  - d. Engagement strategies for seeking First Nations' input and participation in developing options for a new fiscal approach; and,
  - e. Such other recommendations deemed appropriate by the Joint Committee, and as may be added by mutual consent from time to time.

## Reporting and Implementation

12. Discussions of the Joint Committee shall result in joint proposals, options and recommendations for a renewed fiscal relationship to Parties by December 31, 2017.
13. Those recommendations will be presented to the Minister of INAC, the AFN Executive and communicated to the Chiefs-in-Assembly.
14. The Parties shall respect their respective internal decision-making processes.

## Non-Derogation

15. This MOU shall not diminish, derogate, abrogate or infringe any existing aboriginal, treaty, legal, inherent or any other rights of First Nations.
16. This MOU is not intended to impede or replace any existing initiatives or processes of any First Nation.

## Term

17. This MOU shall be effective from the date of signature and will remain in effect until December 31<sup>st</sup> 2017 (the "term") and may be extended by agreement in writing.

## General

18. The parties may revise this MOU in writing during the term or any extensions.
19. The Parties acknowledge that Canada is engaged in joint policy discussions with First Nations across Canada, and that nothing in this MOU precludes bilateral discussions or an agreement on any matter of mutual interest between a First Nation, groups of First Nations, and Canada or province/territory.
20. Recognising the role and experience of provincial and territorial governments, where the Parties agree these governments may be requested to contribute in discussions to support the objectives of this MOU.
21. The parties acknowledge that this MOU is not a legally binding instrument but rather a statement of common resolve to establish a joint process to examine the existing financial relationship, and develop proposal, options and recommendations for the design of a new fiscal relationship.
22. All communication and notices to any of the Parties to this MOU shall be in writing and addressed as follows:

To AFN: Assembly of First Nations  
Attn: Chief Executive Officer  
55 Metcalfe Street, Suite 1600  
Ottawa, ON K1P 6L5

To Canada: Indigenous and Northern Affairs Canada  
Attn: Deputy Minister  
Terrasses de la Chaudière  
10 Wellington St., North Tower  
Gatineau, QC K1A 0H4

By the signatures affixed below, the Parties do hereby signal their understanding and acceptance of the provisions of the Memorandum of Understanding on this \_\_\_ day of July, 2016.

## For the Assembly of First Nations

  
National Chief Perry Bellegarde

## For Indigenous and Northern Affairs Canada

  
Hon. Dr. Carolyn Bennett  
Minister of Indigenous and Northern Affairs