

**FISCAL RELATIONS****OVERVIEW**

First Nations have long sought a fiscal relationship with the Government of Canada that respects the status of First Nations as peoples, with governments, inherent rights and jurisdiction.

In response to our call for action on this file, Prime Minister Justin Trudeau addressed the Chiefs-in-Assembly in 2015 and said, “It’s time for a new fiscal relationship with First Nations that gives your communities sufficient, predictable and sustained funding. This is a promise we made, and a promise we will keep.”

In response to the Assembly of First Nations (AFN) budget advocacy, the last three federal budgets have invested an additional \$16.6 billion over seven years into First Nations programs and services. Nonetheless, there is much more work to do to provide sufficient funding and close the socio-economic gaps

between First Nations citizens and other Canadians.

The National Chief and the former Minister of Indigenous and Northern Affairs Canada, Carolyn Bennett, signed a Memorandum of Understanding (MOU) at AFN’s Annual General Assembly in July 2016 to develop options for Chiefs-in-Assembly and Canada to consider.

The Chiefs Committee on Fiscal Relations provided oversight and guidance to the work undertaken and joint technical working groups have conducted research into options and recommendations.

The Government of Canada and AFN provided joint presentations in regional engagement sessions across the country and heard from hundreds of participants. Those discussions were reflected in the joint report on fiscal relations presented at the AFN’s Special Chiefs Assembly (SCA) in Ottawa in December, 2017.

UPDATE

The Chiefs Committee on Fiscal Relations met on April 30, 2018, to review developments concerning the repeal of the First Nations Financial Transparency Act, the creation of an advisory committee on fiscal relations, and the implementation of 10-year grants in 2019-20.

On May 16 and 17, 2018, all First Nations were sent letters and background information so that those interested in applying to participate in the new 10-year grant as of April 2019 could do so. Those who do not wish to or are not ready will be given an opportunity to apply in future years.

NEXT STEPS

At the 2017 SCA, a report with recommendations was received by Chiefs-in-Assembly. Resolution 66/2017, *AFN-Canada Joint Report on Fiscal Relations*, was passed acknowledging receipt of the report and calling for the implementation of key recommendations listed below.

1. The establishment of a permanent advisory committee by April 1, 2019 to provide:
 - a) For a new Fiscal Policy Framework to address sufficiency and identify priority funding areas.
 - b) To increase revenue generation opportunities for First Nations, developed in collaboration with provinces and territories.
 - c) To finalize new funding arrangement policies to strengthen the commitment to flexible and predictable funding, the reduction of reporting burdens and a shift from program to outcome-based reporting, and the elimination of General Assessment Scoring of First Nations in favour of First Nations-led tools.
 - d) To finalize a Mutual Accountability Framework, including a national outcome-based framework based on United Nations Sustainable Development Goals.
2. Immediate action to create ten-year grants for qualified First Nations to leverage full flexibility under the Policy on Transfer

Payments, to be implemented on or before April 1, 2019 (target 100 First Nations). A plan will be prepared for the orderly preparation and inclusion of additional First Nations over time, based on a co-developed approach between the Government of Canada, the AFN, and First Nation Fiscal Institutions.

3. Immediate steps toward repealing the *First Nations Financial Transparency Act* in 2018 and replacing it with a co-developed mutual accountability framework supported by First Nations Institutions-led audit and statistical functions.
4. Replacement of the Default Prevention and Management Policy with a new proactive approach that includes continued work under the First Nations Financial Management Board pilot project to move First Nations out of third party management and, subject to budget appropriations, direct funding from the Government of Canada to pay for third party managers.

The AFN continues to pursue each of these recommendations as directed by the Chiefs-in-Assembly.

The AFN also continues its annual budget advocacy, pursuing priority investments in addition to the \$16.6 billion over seven years identified in the previous three federal budgets.