



## FISCAL RELATIONS

### OVERVIEW

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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 and Treaty rights, title and jurisdiction.

In response to the Assembly of First Nations (AFN) budget advocacy, the last four federal budgets have invested an additional \$21.4 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 then-Minister of Indigenous and Northern Affairs Canada, Carolyn Bennett, signed a Memorandum of Understanding (MOU) at the AFN's Annual General Assembly in July 2016 to develop options for consideration by the Chiefs-in-Assembly and Canada.

The work under the MOU led to a report presented at the AFN's Special Chiefs Assembly in Ottawa in December 2017 and Resolution 66/2017, *AFN-Canada Joint Report*

*on Fiscal Relations*, which directed the AFN to pursue recommendations from the report including:

- the creation of a joint advisory committee;
- development of a 10-year grant;
- replacement of the Default Prevention and Management Policy (DPMP); and
- repeal of the First Nations Financial Transparency Act (FNFTA).

The Joint Advisory Committee on Fiscal Relations (JACFR) was created in October 2018 and met often to develop a report on a long-term vision for the new fiscal relationship which was presented to the National Chief and Minister of Indigenous Services Canada (ISC) on June 10, 2019.

That report – “Honouring our Ancestors by Trailblazing a Path to the Future” – was presented to Chiefs-in-Assembly and Resolution 24/2019, *Engage Extensively with First Nations on the Report of the Joint Advisory Committee on Fiscal Relations*, was passed at the Annual General Assembly in Fredericton in July 2019.

### UPDATE

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The JACFR report provides a vision and pathway toward a fiscal relationship that:

- Respects First Nations inherent and Treaty rights, title and jurisdiction;
- Increases First Nations participation in economic growth;
- Provides sufficient, predictable, long-term funding for First Nations governments; and,

# ISSUE UPDATE

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- Assists in the closure of economic gaps.

Part of the vision put forward by the JACFR is an optional statutory transfer that:

- Is based in Treaty and title;
- Fully meets need;
- Applies to First Nations' full membership regardless of residence or status;
- Rises with cost drivers such as inflation; and,
- Reflects a fair share of the wealth that comes from First Nations lands and resources as measured in Canada's Gross Domestic Product.

In April 2019, eighty-five (85) First Nations began operations under the New Fiscal Relationship (NFR) Transfer (formerly known as the 10-year grant). The NFR Transfer is an alternative to contribution agreements for transferring funds between Canada and First Nations.

It increases predictability by providing ten years of guaranteed funding, with an annual escalator that matches inflation and population growth. Any unspent funds can be carried forward into the next fiscal year and all funds received under the NFR Transfer can be applied to the priorities set by the First Nation. This will help First Nations plan their own futures and apply funding to the greatest needs or best opportunities for that First Nation.

The NFR Transfer also increases First Nations control by eliminating program terms and conditions, recipient audits, and compliance reviews, as set and conducted by Canada. And the NFR Transfer decreases the reporting burden on First Nations governments, with 92% less data to be provided to Canada than is currently required under contribution agreements. In early August 2019, First Nations not currently participating in the NFR Transfer received a letter asking for expressions of interest to participate for the 2020-2021 fiscal year.

## NEXT STEPS

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The JACFR is currently preparing information materials and an engagement schedule to continue dialogue with First Nations regarding the report.

Additional First Nations seeking to receive the New Fiscal Relationship Transfer in fiscal year

2020 are being assessed for and assisted to meet the qualification criteria.

The AFN is continuing its annual budget advocacy, pursuing priority investments in addition to the \$21.4 billion that was identified in the previous four federal budgets.