

**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 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 the AFN's Annual General Assembly in July 2016 to develop options for the Chiefs-in-Assembly and Canada to consider.

The Canada-AFN joint report on fiscal relations was presented at the AFN's Special Chiefs Assembly (SCA) in Ottawa in December 2017.

UPDATE

The Chiefs Committee on Fiscal Relations (CCFR) 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.

Seven of the CCFR Chiefs have since expressed an interest to serve on the joint advisory committee on fiscal relations. Their names have been put forward for appointment.

In May 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 opportunities to apply in future years.

Approximately 246 First Nations have expressed an interest to receive the new 10-year grant. Indigenous Services Canada (ISC) is currently evaluating the applications against pre-established eligibility criteria. Those criteria include an enacted financial administration law and evidence of solid financial performance over the past five years. The Minister of Indigenous Services has not yet announced any decisions but it is expected that at least 100 First Nations governments will be receiving the new 10-year grants in 2019-20.

ISSUE UPDATE

October 2018

Work is underway to develop a revised Comprehensive Funding Agreement (CFA) for 2019-20. It will likely include a schedule for 10-year grant funding along with a schedule

for existing grant and contribution funding. When a draft of the CFA is available, ISC will review it with First Nations before finalizing it for use in the 2019-20 fiscal year.

NEXT STEPS

The Advisory Committee on Fiscal Relations is expected to be appointed very soon. The first meeting of the advisory committee is being planned for September or October 2018. By April 2019, the committee is expected to be providing advice about:

- a) a new Fiscal Policy Framework to address sufficiency and identify priority funding areas;
- b) increasing revenue generation opportunities for First Nations, developed in collaboration with provinces and territories;
- c) finalizing 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; and
- d) finalizing a Mutual Accountability Framework, including a national outcome-based framework based on United Nations Sustainable Development Goals.

Regional engagements about the draft CFA are expected to begin in September 2018.

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

