

**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 \$17 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 work under the MOU led to a report presented at the AFN's Special Chiefs Assembly (SCA) 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).

UPDATE

The Joint Advisory Committee on Fiscal Relations was created and has met several times, working toward its advice to the National Chief and Minister of Indigenous Services Canada (ISC) on a long-term vision for the new fiscal relationship.

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 expressed interest and ISC is currently evaluating the applications against pre-established eligibility criteria. Those criteria include an enacted financial administration law or by-law and evidence of solid financial performance over the past five years. It is expected that at least 100 First Nations governments will be receiving the new 10-year grants in 2019-20.

Progress has been made on developing options to replace the DPMP and, in the interim, ISC has committed to cover the cost of

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co-managers and third party managers so that First Nations will no longer need to pay for those services with Band Support Funding.

Similarly, a plan is in place to repeal the FNFTA, although legislation will not be introduced until the next sitting of Parliament. In the interim, Canada has committed to not enforce the provisions of the FNFTA.

NEXT STEPS

The Joint Advisory Committee on Fiscal Relations is expected to provide advice to the National Chief and Minister of ISC by April 2019, concerning:

- 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.

Within the next few weeks, First Nations qualified to receive the New Fiscal Relationship Grant will be contacted regarding the Agreement through which the grant funding will flow.

The AFN will continue its annual budget advocacy, pursuing priority investments in addition to the \$17 billion over seven years that was identified in the previous three federal budgets.

