Honouring our Ancestors by Trailblazing a Path to the Future

An Overview of the Interim Report of the Joint Advisory Committee on Fiscal Relations - for Engagement Purposes

June 2019
Builds on work performed over decades

AFN and ISC identified potential members

Minister Indigenous Services appointed members to ensure national representation and technical expertise

Committee intends that its recommendations inform First Nations-led processes
The Committee’s Vision

- Fiscal Relationships are a critical component of Nation-to-Nation relationships
- Crown First Nation fiscal relationships must support and ensure:
  - Respect for Inherent Rights, Treaties, Title and Jurisdiction
  - Participation in economic growth
  - Sufficient, predictable, long-term funding for First Nations governments and institutions to achieve wellbeing for their Nations, communities and Citizens
  - Closure of socio-economic outcomes gaps
The Committee’s Proposed Fiscal Principles

- Respect for Treaties
- Autonomy
- Sustainability
- Sufficiency
- Predictability
- Accountability
- Efficiency
- Objectivity
Statutory Transfers

- Opt-in at discretion of each First Nation
- Formulas developed jointly between First Nations and Canada
- Legislation ensures funds flow without annual Vote of Parliament
- First Nations self-determine spending priorities
- Accountability rests with First Nations Citizens and their governments
Each First Nation sets and pursues its goals for achieving wellbeing

- Affordable and Healthy Housing
- More Jobs
- Successful Businesses
- Better Public Services
- Protecting Vulnerable Citizens
- Safer Community
- Lifelong learning
- Higher Salaries
- Spiritual Healing
How might Renewed Fiscal Relations Benefit Canada?

- Move closer to the spirit and intent of Treaties and post-contact relationships
- Advance Reconciliation
- Economic partnerships create good jobs
- Lower reliance and costs for social services
- First Nations cultures, languages, traditions become a source of pride for all Canadians
- With First Nations as stewards of our lands and waters, sustainability is assured for future generations
First Nations will have expectations of their own governments

- Knowledge and understanding of their government’s decisions
- Timely and fulsome accountability reporting
- Reviews, evaluations and performance audits
- Financial audits and financial information
- Support of First Nations institutions
What will First Nations and Canada need to implement the new fiscal relationship?

- First Nations Statistical Institution
- Investments in First Nations Data Sovereignty
- First Nations Fiscal Policy Institution
- First Nations Auditor General
- National Outcomes-Based Goals and Reporting
- Immediate funding increases for First Nations governments
- Strong and Capable First Nations-led Institutions
- Statutory Transfers, jointly designed with First Nations
- Commitment that nothing abrogate or derogate from the Inherent and Treaty rights, title or jurisdiction of First Nations
The Committee

The participating members included:

Chief Richard Sidney, Yukon
Richard Nerysoo, Northwest Territories
Chief David Jimmie, British Columbia
Chief Lee Crowchild, Alberta
Vice-Chief Heather Bear, Saskatchewan
Chief Laurie Carr, Ontario
Chief Connie Lazore, Quebec
John G. Paul, Atlantic Region
Harold G. Calla, Technical Expert
Don Drummond, Technical Expert
Terry Goodtrack, Technical Expert
Bonnie Healy, Technical Expert
Kevin Page, Technical Expert
THANK YOU
Annex - The Committee’s Vision, Recommendations and Proposed Pathway
The Committee's Vision for Crown-First Nation Fiscal Relationships

The Committee envisions a future where Crown-First Nation relationships are based on respect and trust, a future where Nation-to-Nation relationships honour the original spirit and intent of Treaties. These Nation-to-Nation relationships necessarily include fiscal relationships that provide First Nations with the ways and means to finance their autonomous functions and advance the well-being of their nations, communities and citizens – pursuing the way of life that creation intends for them. Yet these fiscal relationships cannot realize gains for First Nations in isolation. For the fiscal relationship to achieve its full potential for First Nations, it will require honouring of Treaties, and recognition of inherent rights, title and jurisdiction. First Nations governments will need to be well supported including:

- work forces with the appropriate competencies and skill sets;
- institutional supports from First Nations institutions; and
- time to build the capacities necessary to grow their economies and achieve excellence in the delivery of public services and infrastructure.

Fiscal Principles to Guide Crown-First Nation Fiscal Relations

Respect for Treaties
The fiscal relationship must honour the spirit and intent of First Nation Treaties and facilitate and support reverence for and implementation of Canada’s Treaty obligations.

Autonomy
The fiscal relationship must honour the autonomy of First Nation governments to advance their self-determined priorities. This includes freedom to make decisions about how they deliver public services and flexibility to allocate their financial resources, as permitted by their citizens.

Sustainability
The fiscal relationship must support First Nations in pursuing economic development. First Nations are entitled to an equitable share of the economic growth to which they contribute.

Sufficiency
The fiscal relationship must ensure funding to First Nations governments that is sufficient to deliver the public services and infrastructure required to meet needs, improve living conditions, close socio-economic gaps, and achieve well-being for their Nations, communities and citizens, including regular adjustments to keep pace with changes in population, inflation and other cost drivers.

Predictability
The fiscal relationship must ensure predictable and long-term funding to First Nations governments, to facilitate the planning and delivery of public services and infrastructure. This will require evidence-based measurement, evaluation and continuous improvement over time.

Accountability
The primary accountability relationship is between First Nations citizens and their governments. Canada and First Nations are mutually accountable for ensuring the success of a new fiscal relationship.

Objectivity
The funding formulas and mechanisms for implementing the fiscal relationship must facilitate its faithful implementation, remaining true to its intent, and not create disincentives to social, political, legal, environmental, economic, and technological development.

Efficiency
The design of the fiscal relationship and its supporting approaches and mechanisms must ensure efficiency of implementation.
Honouring and Respecting Inherent and Treaty Rights, Title and Jurisdiction

1. The Committee recommends that Canada engage honourably in discussions with First Nations rights holders to reconcile different interpretations of the spirit and intent of Treaties and to agree on Canada's Treaty-related financial obligations (i.e. outside of the courts and specific claims process).

2. The Committee recommends that the Minister work with federal colleagues to ensure that the inherent rights, title, and jurisdiction of First Nations are honoured, recognized, respected, and protected by all levels of government. At a minimum, this should include the application of UNDRIP to all federal, provincial and territorial legislation. Priority focus should be provided to recognizing First Nations inherent rights and jurisdiction in the areas of governance, judicial systems, citizenship, land and resource title, and essential public and social services.

3. The Committee recommends that the Minister engage with the Minister of Crown-Indigenous Relations and Northern Affairs and other federal colleagues to drive work with provinces and advance the resolution of land claims, ratification of revenue sharing agreements, return of federal and provincial Crown lands, implementation of Treaty land entitlement, acceleration of additions to reserve recognition of First Nations title to unceded lands, and development of a land management regime that enables First Nations to hold title and fulfill their stewardship obligations to those lands.

4. The Committee recommends that the Minister work with federal colleagues to adopt a coherent and consolidated federal approach to funding and supporting First Nations economic development and economic infrastructure, including investments that are equitable in contrast to Canada's investments in non-Indigenous communities and businesses.

5. The Committee recommends that the Minister engage with federal colleagues and, where necessary, involve the provinces and territories to assure First Nations of an appropriate place in decision-making processes for economic development projects impacting their territories and equitable participation in the development to which they contribute.

6. The Committee recommends that the Minister engage with federal colleagues and, where necessary, involve the provinces and territories to ensure that First Nations businesses and individuals achieve equitable representation in government procurement and employment opportunities.

7. The Committee recommends that the Minister engage with federal colleagues to drive work to increase federal recognition and protection of First Nations tax jurisdiction, aligned with their inherent rights.

8. The Committee recommends that any actions, legislation, policies, directives, agreements or other legal documents contemplated in connection with a new fiscal relationship, must not derogate or abrogate from First Nations’ Inherent and Treaty rights, title, or jurisdiction in any way.
$ Sufficient Predictable and Long-term Funding

9 The Committee recommends that immediate funding increases be provided to First Nations governments to support general government administration and governance costs (i.e. based on the best available information).

10 Subject to extensive engagement with First Nations, the Committee recommends that Canada and First Nations undertake a comprehensive cost study to determine the funding needs of First Nations to cover general administrative and governance costs.

11 The Committee recommends that First Nations and the Government of Canada develop a regime of optional statutory transfers to be made available to First Nations governments. The Committee further recommends that eligibility for statutory transfers be tied to a commitment by First Nations to collecting and sharing statistics on living conditions and other outcomes and being subject to performance audits by a First Nations Auditor General.

12 The Committee recommends that, in the immediate term, sufficient and stable funding be provided to the existing institutions providing capacity-building supports to First Nations governments and professionals, including moving away from proposal based and time-limited funding.

13 The Committee recommends that a strategy be developed with First Nations to expand and strengthen the institutions that provide capacity-building supports, program accreditation, program evaluation, and outsourced service-delivery supports to First Nations governments. It will be important that this strategy, and these institutions, be national in scope to ensure that the needs of all First Nations are met.

14 The Committee recommends that the Minister abolish the ISC Default Management and Prevention Policy, including the use of Third Party Managers, and replace it with a system of capacity building supports provided by First Nations institutions.

15 The Committee recommends that core funding to non-political First Nations institutions be calculated, allocated and distributed by a national First Nations body through a First Nations-controlled process to be established with First Nations. Further, the Committee recommends that federal legislation be enacted to authorize a statutory transfer to this national body with annual funding increases tied to Canada's GDP.
16 The Committee recommends that First Nations and Canada establish national goals, targets and timeframes for improving living conditions and closing the socio-economic gaps experienced by First Nations people and communities including, but not limited to health and wellness, education, protection of vulnerable citizens, sustainable economic growth, environment, public infrastructure, safety, language and culture. This will require outcomes-based indicators to allow First Nations and Canada to measure and report on their shared goals. The Committee further recommends that First Nations and Canada establish guiding principles to guide these efforts.

17 The Committee recommends that a national First Nations statistical institution be mandated and funded to work with First Nations in defining, collecting, analyzing, and disseminating statistical data related to First Nations citizens, communities, and development. Careful consideration will be required in respect of the legal structure, governance, and funding model of this institution to ensure it is First Nations-governed, well supported, and politically independent.

18 The Committee recommends that sustained funding and attention be paid to supporting First Nations in their pursuit of data sovereignty, and ensuring respect for the principles of OCAP®. This will also require changes to federal legislation, institutions, policies, data holdings, and data practices to ensure alignment with OCAP®, including assigning a federal government body to monitor and enforce the compliance of federal departments and agencies.

19 The Committee recommends that a First Nations Fiscal Policy Institution be established and funded to perform treasury, coordination, research, evaluation, reporting, and continuous improvement activities in support of Crown-First Nation fiscal relationships. The Committee further recommends that the mandate and ongoing funding levels of this institution be reviewed every five years by First Nations and Canada through a joint-process.
Ensuring that Socio-Economic Gaps are Closed and Stay Closed

20 The Committee recommends annual reporting to First Nations and the Parliament of Canada on measures taken and progress achieved by First Nations and the Government of Canada in closing socio-economic gaps. The Committee recommends that reporting to the Parliament of Canada be made the legal obligation of the Prime Minister of Canada. Further, the Committee recommends that the head of the newly created First Nations Fiscal Policy Institution be mandated by resolution of First Nations to report annually to First Nations leaders and citizens.

21 The Committee recommends that a First Nations Auditor General be established to provide independent, objective and professional advice and assurance for First Nations institutions, First Nations governments that opt-in and the processes supporting implementation of statutory transfers.

22 The Committee recommends that it continue to support advancement toward a new fiscal relationship, for so long as is needed and that a Fiscal Relations Secretariat be established and funded to coordinate and support the activities of the Committee and engagement efforts with First Nations and the Government of Canada. For the immediate term, the Committee recommends that it support engagement activities and further develop options for the introduction of statutory transfers, rescindment of the ISC default management regime and advancement of outcomes-based goals and indicators.

23 The Committee recommends that a 5-year review of the implementation of its recommendations be completed in 2024.

24 The Committee recommends and urges Canada to implement the renewed fiscal relationship described in this report and make it available to every First Nation and in all Treaty areas from coast to coast to coast.
Trailblazing the Path to a New Fiscal Relationship

**Building Trust through Honour, Respect and Redress (2019-2023)**

- Broad engagement with First Nations
- Deconstruct hurtful policies and practices
- Progress on revenue sharing with provinces and territories
- Increased funding for First Nations governments
- Resolution of Specific Claims, Treaty Land Entitlement and Additions to Reserve
- Return of federal and provincial Crown lands

**Achieving Wellbeing through Self-determination (2019-2027 and beyond)**

- First Nations are pursuing the way of life that creation intended for them
- More life opportunities for individuals
- Healing and social supports
- Pride and fluency in our cultures, languages, traditions and histories
- More opportunities for spiritual connection with the land
- Safer communities and reduced crime

**Building Foundational Elements (2020 - 2026)**

- Self-determining nations, serving all of their citizens
- More and better public services
- Healthier homes and better living conditions
- More and better jobs
- More flexibility in funding agreements

**New Option for Statutory Transfers (Target 2026)**

- Recognition of rights, title and jurisdiction
- Honouring the spirit and intent of Treaties
- Economic growth
- Sufficient, predictable and long-term funding
- Evidence-based measurement
- Continuous review and improvement
- Institutions and laws to implement the fiscal relationship
- Capacity supports for First Nations institutions

**Mutual accountability**