Nisga'a final agreement

ISSUES & RESPONSES

Financial Arrangements

THE ISSUE:

Financial arrangements are a sensitive part of any treaty, and the financial portion of the Nisga'a Final Agreement is no exception. Critics say that the Agreement is "too rich" and "an unfair burden on taxpayers." They say, "We will be paying to implement this Final Agreement for years to come."

THE ANSWER:

The cost of treaty-making is an investment in the future. When compared to living with the status quo, it's a price worth paying.

The settlement package is comprehensive: it includes a land claim settlement and a self-government agreement. The financial component of the settlement is only one part of the deal. The Nisga'a also have agreed not to make further claims for more land and they have agreed that the Treaty sets out all of their Aboriginal rights, making clear to all what those rights are.

There are good reasons for including a cash component in the Nisga'a Treaty. The money is required to spur economic development, create jobs, strengthen community infrastructure and break the cycle of dependency that has resulted from 100 years of living under the *Indian Act*. This will benefit the Nisga'a, and Canadians generally.

The $190-million cash payment in the Nisga'a Final Agreement will be paid through capital transfers over 15 years.

The loans made by the Nisga'a to support their participation in treaty negotiations over the years will be fully repaid over 15 years according to a schedule agreed to by the Parties.

The Treaty is also expected to bring a number of benefits to the region. The financial arrangements will encourage economic spin-offs, and certainty will lead to an improved investment climate.

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MORE TO CONSIDER:

What will the Nisga'a receive in financial transfers?

TREATY FINANCIAL BENEFITS

Consistent with the Agreement-in-Principle, the Final Agreement will provide the Nisga'a with a total of $211.5 million, comprising a capital transfer of $190 million, as well as other financial benefits of $10 million for the establishment of the Lisims Fisheries Conservation Trust and $11.5 million to participate in the general commercial fishery.

TRANSITION AND IMPLEMENTATION FUNDING

Consistent with other claim settlements, governments will provide *one-time* funding outside the Treaty for transition and implementation activities. In the case of the Nisga'a Final Agreement, funding will total $40.4 million, an amount that is comparable to previous settlement agreements. It is broken down as follows:

- $15 million over five years to support the Nisga'a in ensuring an efficient transition to full treaty implementation. It is important that the Nisga'a be well equipped to manage their lands, resources and government and that there be continuity of services to Nisga'a citizens. Typical activities may include training of Nisga'a citizens, establishment of Nisga'a institutions, and enhancing land and resource management capability.
- $15 million over five years to ensure that the necessary physical infrastructure is in place to provide services comparable to those of other local governments.
- $10.4 million, which includes funding for necessary activities such as fisheries studies, the ratification process, forestry transition training, eligibility and enrolment, and the preparation of Nisga'a laws.

PROGRAM AND SERVICE DELIVERY

The Nisga'a Government will be responsible for ensuring the provision of programs and services at levels reasonably comparable to those generally available in northwestern British Columbia. The Final Agreement confirms that the funding of the Nisga'a Government is a shared responsibility of all three Parties. The Final Agreement confirms that it is the Parties' objective that, where feasible, the reliance of the Nisga'a Government on transfers will be reduced over time.

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Under the associated *Fiscal Financing Agreement (FFA)*, a three-way funding arrangement involving Canada, the Nisga'a and B.C., there will be an annual transfer of $32.1 million to support program and service delivery in areas including health, social, education and local services, as well as land and resource and capital management. More than 90 percent of this funding is already flowing from the federal and provincial governments under the current arrangements with *Indian Act* Nisga'a Bands. The remaining funding is commensurate with the additional responsibilities assumed by the Nisga'a Government and the obligations contained in the Final Agreement.

The Nisga'a Government will contribute to the cost of program and service delivery over time through the operation of an own-source revenue agreement.

What can other Canadians look to in the Final Agreement to show that this deal is good for them?
Take the taxation provisions, for example. Exemption from some federal and provincial taxes is a part of the *Indian Act* and has been in place for more than 100 years. Now, for the first time ever in B.C., a First Nation has agreed to end its tax-exempt status.

Once the Treaty is signed, the Nisga'a will enter into an eight-year period to phase out exemptions from sales taxes, and a 12-year period to phase out exemptions from income taxes. After the phase-out periods, Nisga'a citizens will pay taxes the same way as other Canadians do. This is something that many non-Aboriginal people have said they want to see in a treaty.

Why is there a phase-out period?
An adjustment period is appropriate to allow individuals to prepare for the new taxation arrangements. The Nisga'a have a lot of work to do to catch up with the Canadian economy. For example, the Nisga'a have endured one of the worst unemployment rates in the country—one that non-Aboriginal Canadians would not have tolerated for even a brief period of time.

Find more information on the Nisga'a Final Agreement at www.inac.gc.ca, or contact:

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