



First Nations  
Fiscal Institutions  
Initiative

# Building a Better Future

*... through investment and economic growth.*



## Message from C.T. (Manny) Jules

It is my pleasure to introduce you to the following booklet which provides a wealth of information on the proposed *First Nations Fiscal and Statistical Management Act*. The booklet covers a brief overview of the history of the Act and offers information on each of the four institutions created.

We believe the *First Nations Fiscal and Statistical Management Act* will provide participating First Nations with the tools they need to build their own economies. And for all First Nations, it represents a positive step toward a better future.



As a First Nations-led initiative, we are no longer talking about change; we are making it a reality.

Sincerely,

A handwritten signature in black ink that reads "Manny". The signature is written in a cursive, flowing style.

C.T. (Manny) Jules



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## *Acronyms*

|  |           |
|--|-----------|
| First Nations Finance Authority              | .....FNFA |
| First Nations Financial Management Board     | .....FMB  |
| First Nations Fiscal Institutions Initiative | .....FNFI |
| First Nations Statistical Institute          | .....FNSI |
| First Nations Tax Commission                 | .....FNTC |

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## Overview

It is currently ten times harder to create jobs and wealth on First Nation lands than anywhere else in the country.

This “arithmetic” lies at the heart of the problems besetting First Nation communities – less wealth means poverty, joblessness and poor quality infrastructure. Any “solution” to First Nation poverty that doesn’t change this arithmetic is ultimately not a solution.

The proposed institutions will begin to improve this arithmetic and will, together, help First Nations turn our infrastructure into wealth. These institutions are not the whole solution but they are a step in the right direction.

## The Current Picture

Economic development involves both the public and private sectors.

### Public Sector Role:

Governments use their revenues to pay for local services and infrastructure such as roads, water and sewer. A typical Canadian community can finance \$6 million in new infrastructure from \$1 million in annual property tax revenues.

A typical First Nation community must commit three times as much revenue to finance the same amount of infrastructure.

Typical Canadian Community:      \$1 Million Annual Tax Revenue = \$6 Million Infrastructure

Typical First Nation:                \$1 Million Annual Tax Revenue = \$2 Million Infrastructure

### Market Role:

Governments use their infrastructure and services to entice investors to build residential, commercial and industrial developments on their land. A typical Canadian community will entice \$5 million in additional private investment for every \$1 million in infrastructure improvements.

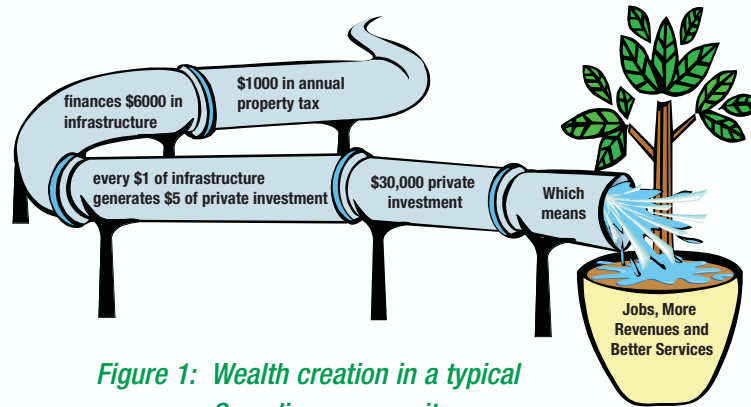
A typical First Nation entices about one third this amount of new investment for every dollar’s worth of infrastructure improvement.

Typical Canadian Community:      \$1 Million New Infrastructure = \$5 Million New Investment

Typical First Nation:                \$1 Million New Infrastructure = \$1.5 Million New Investment

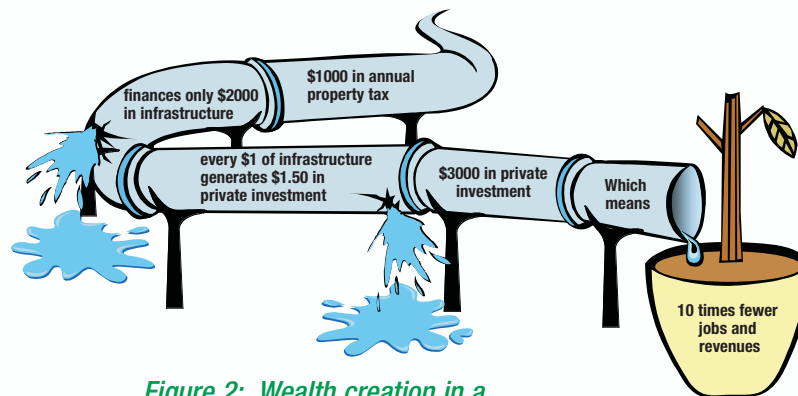
In sum, First Nations are facing two serious handicaps. We are paying effectively “triple” for our infrastructure and receiving only one quarter the economic payoff per piece of infrastructure. The net result – wealth is roughly ten times harder to create on First Nation lands than elsewhere.

These problems are represented in the figures below. Figure 1 shows a typical Canadian community where \$1000 in annual property tax revenues bring \$30,000 into the local economy.



**Figure 1: Wealth creation in a typical Canadian community**

Figure 2 shows the same situation in a First Nation context. That same \$1000 generates only one-tenth the new wealth or \$3000. This means fewer jobs, less revenue and poorer services.



**Figure 2: Wealth creation in a First Nation community**

**The Solution**

First Nations need the *First Nations Fiscal and Statistical Management Act* (FMSA) passed. The institutions created by the FMSA will start plugging the leaks described above. First Nations must be able to finance infrastructure on the same advantageous terms as prevail in the rest of the country. They must be able to attract as much new development from infrastructure improvement as any other government.

The institutions will start plugging these leaks by:

- improving First Nations access to capital so they can buy infrastructure more “cheaply”;
- ensuring First Nations get the best infrastructure for their money;
- creating better information about First Nation communities and their investment opportunities;
- promoting these investment opportunities; and
- inspiring investor confidence in First Nations.





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## Message from the President

On behalf of the Board of Directors of the FNFA, I am pleased to report that we are close to having the legislation in place to establish a statutory FNFA. The legislation is needed to set out the FNFA borrowing program and to establish an investment grade credit rating for the FNFA.

The FNFA will pool the capital requirements of qualified First Nations, issue its own bonds, sell them and then lend the proceeds of the bond issues back to the participating First Nations. Borrowing in the first instance will be for local infrastructure purposes (such as sewer and water) that will support economic development, and where the bonds are secured through property tax revenues. The FNFA will continue with its investment pools as separate entities, and apart from the Bond program. These pools have been in existence for eight years and are already used by over 50 First Nations from across Canada. Of course, participation in the FNFA is purely optional.

The FNFA is one of four national First Nations fiscal institutions that represent an important component of the First Nations' agenda to promote economic growth on First Nations' lands. The FNFA would like to thank the many Chiefs and First Nations across Canada who have helped make this initiative possible.



Sincerely,

Deanna Hamilton  
President/CEO  
First Nations Finance Authority

### Frequently Asked Questions

#### 1. Why is legislation required for the First Nations Finance Authority?

The FNFA requires federal legislation in order to provide a legal framework for issuing First Nations bonds. This will ensure there is a market for those bonds, which will allow for the provision of low interest financing for First Nations infrastructure spending.

#### 2. How will the First Nations Finance Authority operate?

The FNFA will carry out borrowing and investing services on behalf of its membership. It will essentially be tasked with improving the terms and access to capital for First Nations and providing vehicles for the investment of funds. The FNFA has successfully established two investment pools that are used by over 50 First Nations.

#### 3. Is participation with the First Nations Finance Authority optional?

Participation in the FNFA is completely optional. In fact, there is a qualification process in order to lower the risk to private lenders, thus reducing the cost of borrowing for FNFA members.

#### 4. What model does the First Nations Finance Authority follow?

The FNFA is modeled on the Municipal Finance Authority of British Columbia (MFA) because of its 30 years of success. It is the concept of "pooling" borrowing requirements that is central to the MFA model, and why it is being followed by the FNFA.

The very nature of the FNFA borrowing pool format acts as a leveler for all of the participants. Smaller and less economically developed First Nations will receive the benefit of a larger borrowing pool and be able to borrow at lower rates. It's very much like being a member of a cooperative.

#### 5. How are the bonds that the First Nations Finance Authority plans to issue guaranteed?

The FNFA will receive a credit rating from a recognized Rating Agency based on the legislation, and processes flowing from the legislation. One strength of the credit rating will be the collective borrowing where the pooled revenue streams from a number of participating First Nations will be used to repay the bondholders. The credit rating, along with the joint revenue streams (i.e. property tax revenues) will stand behind the bonds. At this time, we believe that the FNFA will achieve an 'A' credit rating. The federal government does not guarantee FNFA bonds, and no First Nations lands are pledged to back the bonds.

#### 6. Would the existence of the First Nations Finance Authority not encourage First Nations to assume large debt loads?

Each First Nation would have to weigh the costs of borrowing with the benefits to the community in terms of improved infrastructure. The benefits include improvements in local services, and the ability to attract and support commercial activity.

The *First Nations Fiscal and Statistical Management Act* brings in place a rigorous management regime and institutional structure to ensure the costs and benefits of each borrowing transaction are well considered. Moreover, it would allow a First Nation to borrow at rates enjoyed by other levels of government, and thereby reduce the cost of building infrastructure and increase the amount of infrastructure that a given amount of local revenue can support.



*The FNFA will pool the capital requirements of qualified First Nations, issue its own bonds, sell them, and then lend the proceeds of the bond issues back to the participating First Nations.*



*Membership to the  
FNFA is open to all  
First Nations.*

## Fact Sheet

- The First Nations Finance Authority (FNFA) has grown out of a need for long-term public debt financing for First Nations governments. Like all governments, First Nations governments need to borrow to provide affordable infrastructure in their communities.
- The concept of First Nations in Canada issuing bonds to raise capital was the subject of two national conferences hosted by the Westbank First Nation in 1992 and 1993. These conferences demonstrated significant First Nations' interest in having access to low interest loans for capital expenditures. The FNFA was started by a number of individual First Nations and was federally incorporated on February 13, 1995. It is modeled on the highly successful Municipal Finance Authority (MFA) of BC.
- The FNFA is governed by an all-Aboriginal board of directors. The FNFA has successfully established two investment pools that are used by over 50 First Nations. However, the FNFA requires federal legislation to achieve its objective of providing cost-effective capital (low interest loans) to First Nations.
- The FNFA has requested the Government of Canada to secure passage of the federal legislation required to give the FNFA borrowing authority. The FNFA currently serves First Nations utilizing its investment pools; there are many other First Nations who are awaiting passage of the legislation in order to become Borrowing Members. For these First Nations, the FNFA is a timely and much needed initiative.
- Membership to the FNFA is open to all First Nations. The Borrowing Members will elect the board of directors, and the directors will elect a chairperson. Participation in the FNFA is voluntary, not mandatory. Those that do wish to participate in the FNFA's borrowing pool will have to meet specific criteria in order to protect other participating First Nations, and to ensure that the FNFA retains a high credit rating and cheaper access to capital.
- The FNFA will become a statutory not-for-profit corporation. The *First Nations Fiscal and Statistical Management Act* will establish the authority for the FNFA to issue bonds, establish eligibility requirements, operate sinking funds and debt reserve funds, and manage investment pools. Although not all First Nations will initially want, or even be able to participate in the FNFA, it will provide a powerful new option for those First Nations seeking to become self-governing, as economic independence requires access to capital.
- Capital financing will allow First Nations to establish and maintain water, sewer and other infrastructure, which are vital to enhancing the quality of life for on-reserve residents, and to improving the prospect for increased economic investment and employment. The FNFA is not a panacea, but it is a powerful new option for First Nations seeking to move forward and to have greater autonomy from Canada in terms of determining on-reserve priorities and opportunities.
- The FNFA will give First Nations increased clout within business and financial markets and thus increased clout on both a national and international level. The existence of the FNFA does not in any way lessen the fiduciary obligation of Canada to First Nations, nor does it affect Aboriginal title and rights issues. It merely provides a powerful new option for First Nations seeking increased autonomy and an improved standard of living.

## Background

### Introduction

Like any government, First Nations require access to capital to build community and economic infrastructure. Infrastructure such as roads and sewers not only increases economic development and investment, it helps improve the quality of life for First Nations' people living on reserve.

Unlike the federal or provincial governments, and even many municipal governments, it is very difficult for First Nations to get low interest 20-year loans to cover the cost of basic infrastructure. This is especially true for small communities. This affects the ability of First Nations' governments to undertake proper planning, so that infrastructure can be sized and installed to meet both current and future anticipated needs. Without proper planning and access to affordable capital, the costs become excessive and the projects are not undertaken.

The First Nations Finance Authority will improve access to capital by pooling borrowing through greater cooperation among First Nations – creating advantages of size, and diversifying risk and revenue streams – and by supplying expertise and sophisticated financial engineering to First Nations. The FNFA is being developed as part of a legislated set of First Nations fiscal institutions including the First Nations Tax Commission (FNTC), the First Nations Financial Management Board (FMB) and the First Nations Statistical Institute (FNSI).

In a political climate where First Nations are moving towards greater self-determination, the establishment of First Nations national institutions such as the FNFA will be key to obtaining self-government and economic growth.

### Background

Typically, governments issue debentures (bonds) to raise capital. The cost of borrowing is dependent on the government's credit, which is based on a number of factors including: the financial health, management and accountability of the government; the existing level of indebtedness of the government; and a stable source of revenues available to that government to repay the debt. The stronger the credit rating, the cheaper the cost of borrowing.

The concept of First Nations in Canada issuing bonds to raise capital was the subject of two successful national conferences hosted by Westbank First Nation in 1992 and 1993. These conferences demonstrated significant First Nations interest in the various options to access long-term debt, introduced First Nations to the model of financing under the Municipal Finance Authority of BC (MFA) and led to the formation of the FNFA.

The FNFA and its consultant body, the MFA, have devised a model for First Nations to access significant debt capital from institutional investors. The model works by pooling First Nations capital requirements through the FNFA as the central borrowing authority and by selling bonds on the strength of a collective credit, where the borrowing members each guarantee one another's debt. The FNFA, on behalf of the member First Nations, will issue First Nation debentures and re-lend the proceeds to those First Nations participating in the borrowing. Pooling the borrowing requirements of First Nations will result in cheaper and more direct access to capital for First Nations.



*The FNFA will improve access to capital by pooling borrowing through greater cooperation among First Nations – creating advantages of size, and diversifying risk and revenue streams – and by supplying expertise and sophisticated financial engineering to First Nations.*



*Pooling the borrowing requirements of First Nations will result in cheaper and more direct access to capital for First Nations.*

## Building a Better Future

The interest paid on FNFA bonds will be a reflection of the collective credit rating given to the FNFA by an independent international credit rating agency, such as Standard & Poor's or Moody's. These are the same agencies that provide a credit rating for the Government of Canada, as well as all of the provincial governments.

By pooling and managing the capital needs, the cost of borrowing is significantly reduced. This makes capital affordable to all First Nations, including those that are smaller in size or that may not have access to affordable capital for other reasons. The strength of the pool is based on its size, and on the strength of the First Nations government revenues available to repay the debt. The strength of the pool is also maintained by the independent quality assessment of the FMB certification, responsible for overseeing participation and creditworthiness.

### Support

The support for the FNFA, as an indication of the acceptance of the concept of pooling First Nations borrowing requirements, is evidenced by the following endorsements.

- Over 50 First Nations are participating in the investment pools currently offered by the FNFA.
- The Indian Taxation Advisory Board has endorsed the FNFA, and has provided financial and administrative support to the FNFA.
- First Nations collecting property tax under the *Indian Act* have endorsed the FNFA.
- A May 18, 1997 survey of 17 First Nations indicated support for the project and a range of potential applications for debt financing.
- The cost of development of the FNFA has been assisted by the financial support of Industry Canada, the Westbank First Nation, the Municipal Finance Authority of BC, Indian and Northern Affairs Canada, and the Indian Taxation Advisory Board.

### First Nations' Needs

The *Report of the Royal Commission on Aboriginal Peoples* (1996) identified that the financing of capital expenditures by means of borrowing money through public offerings, as well as from loans from financial institutions, was an important component of First Nations' financial arrangements. It was discussed in the context of the need in many First Nations' communities for basic infrastructure including schools, good roads and sewage systems.

It is the intention of the FNFA to focus on the requirements of those First Nations with the most developed tax bases during its initial three years following passage of legislation. During this time, the requirements of other First Nations – especially those with other own sources of revenue – will be considered. In years four and five, the FNFA anticipates being in a position to meet the greater overall demand for capital across Canada, when other sources of revenue besides property taxation become involved in the securing of long-term debt. These include resource rents, government infrastructure payments, casino revenues, grants in lieu of taxes and new taxes other than property taxes.

Not all First Nations will immediately qualify to borrow through the FNFA and consequently the demand will, in the short term, exceed the amount of debt that will be issued. This will put limits on the size of the early issues. The demand for capital in the short term will likely be greater than what can be provided by the FNFA. However, it is projected that this demand can be met over the longer term as the terms and conditions of the borrowing group are developed following the initial issue based on property tax revenues.

## Building a Better Future

The financial projections for the FNFA assume an initial borrowing level of \$20 million dollars per annum for years one through three, \$30 million for years four and five, and then \$50 million thereafter. It has been assumed that the borrowing will typically be 15 to 20 years for each bond issue.

### Structure

The FNFA supports native self-government in that it provides autonomy and control of capital financing. It is optional for First Nations as to whether they wish to make use of the FNFA's services. Currently the FNFA conducts business as a federal corporation, established in 1995.

An all-Aboriginal board made up of political leaders representing the participating First Nations governs the FNFA. The current board includes: Deanna Hamilton (Westbank); Chief Joe Hall (Tzeachten); Chief Sophie Pierre (St. Mary's); Chief Robert Sam (Songhees); and Councilor Alexander Cope (Millbrook).

A new First Nations Finance Authority (a not-for-profit corporation without share capital) will be established when the *First Nations Fiscal and Statistical Management Act* is passed. This legislation will establish the authority for the FNFA to issue debentures on behalf of First Nations, will set out the structure of the FNFA (including the rules for participation) and will set out the process by which the borrowing power of First Nations will be determined.

The new Act will establish the future governing structure of the FNFA, ensuring democratic representation based on participation. Representatives of the FNFA members will be appointed by the participating First Nations and will be elected representatives from each community. Membership will be open to any First Nation; however, voting will be restricted to those First Nations qualified by the FMB as Borrowing Members. Representatives of the Borrowing Members will elect the Board of Directors. This Board will exercise the executive and administrative powers and duties of the FNFA.

The FNFA must be able to generate sufficient revenues to cover its operating costs. Over time the FNFA will be self-supporting as the borrowing and investing programs expand. Any profits generated through the FNFA's activities will be distributed back to participants as dividends.

FNFA



*The FNFA supports native self-government in that it provides autonomy and control of capital financing.*

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*It is optional for First Nations as to whether they wish to make use of the FNFA's services*

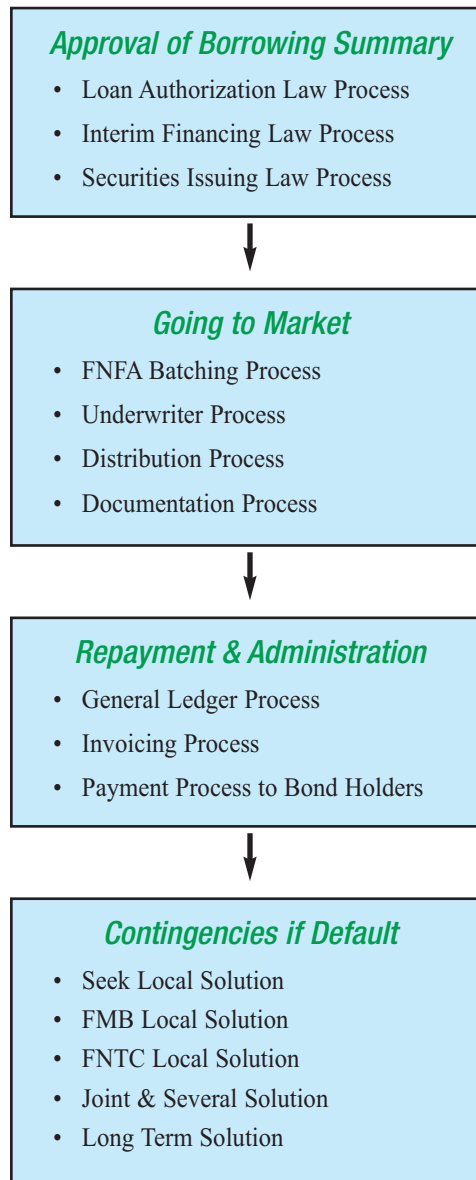




*In accordance with the new Act, participating First Nations wishing to finance capital projects based on their property tax revenues will present their requests to the FNTC by way of submitting a loan authorization and securities issuing law.*

**Long Term Capital Financing**

The primary activity of the FNFA will be to issue debentures, the proceeds of which will be re-lent to the participating First Nations.



In accordance with the Borrowing Law, participating First Nations wishing to finance capital projects based on their property tax revenues will present their requests to the First Nations Tax Commission (FNTC) by way of submitting a loan authorization and securities issuing law. The FNTC will approve the law(s) if the First Nation borrowing is in accordance with the legislation; that is, 1) there is unutilized borrowing capacity and 2) the law is for the purpose of financing capital infrastructure for the provision of local services on reserve lands.

**Sinking funds:** The FNFA will have the power to provide for the creation, management and application of sinking funds and will establish such sinking funds or other means of securing the



## Building a Better Future

repayment of securities issued by the FNFA. The sinking funds will retain all excess monies collected from Borrowing Members, but not yet due to the bondholders.

These excess monies will be invested. Money in these funds will be used to cover the principle due at maturity. A separate account will be maintained for each sinking fund and will be invested in high quality money market instruments.

Sinking funds as a management tool can also be effectively used to increase overall returns to participants. Pooling also enables the size of transactions that allow the use of more sophisticated financial management tools such as “swaps” that can protect against interest rate fluctuations and potential problems with market timing when investing and reinvesting funds.

The legislation will establish the terms and conditions for securities of the FNFA providing protection of investors. In the FNFA, the combined credit of all the participants will stand behind the FNFA’s obligations.

**Debt reserve fund:** In addition to the above, the FNFA will establish a Debt Reserve Fund (DRF). Each Borrowing Member sharing in the proceeds of a securities issue with a term to maturity of five years or more, will – as a condition of participating – contribute an amount equal to 5% of the total amount borrowed into the DRF. This amount will be payable to the FNFA at the time of issue and will be returned to the Borrowing Member at maturity.

The Government of Canada has agreed it will match the 5% contribution of the Borrowing Member, up to a maximum of \$10 million total investment by Canada. These monies will remain in the DRF as a credit enhancement for future FNFA issues and are not repayable.

If at any time the FNFA lacked sufficient funds to meet the principal, interest or sinking fund payments due on its obligations, it would utilize the DRF to satisfy its obligations. In the event that payments were ever made from the DRF, the FNFA would be able to recover such payments from the Member involved in order to restore the DRF and, failing that, from the other Borrowing Members pursuant to a strict and clearly laid out process.

**Debt servicing:** Participating First Nations will be required to meet specific borrowing standards to ensure safeguards on indebtedness are retained. Such safeguards will include the requirement that the debt repayment and user charges, if any, are sufficient to service the debt.

**Credit rating:** It is expected that the FNFA structure as proposed would earn an investment grade credit rating from an international bond rating agency such as Moody’s, resulting in a ten-year issue at roughly 40 basis points above that of the Government of Canada 10-year benchmark bond. This opinion has been confirmed by RBC Dominion Securities. The Municipal Finance Authority of BC (MFA) is currently rated at ‘AAA’ and is borrowing at lower rates than the Government of British Columbia.

FNFA representatives, along with the MFA, have made presentations to Moody’s of New York on the proposed structure of the FNFA. As there are currently no credit ratings for Aboriginal governments, there is interest among the rating agencies to rate the FNFA.



*The legislation will establish the terms and conditions for securities of the FNFA providing protection of investors.*

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*In the FNFA, the combined credit of all the participants will stand behind the FNFA’s obligations.*



Currently the FNFA provides investment products for over fifty First Nations that are participating in FNFA investment pools.

**Comparative Credit Ratings (September 30, 2004)**

|                                  | <b>DBRS</b> | <b>Moody's</b> | <b>S&amp;P</b> |
|----------------------------------|-------------|----------------|----------------|
| Municipal Finance Authority      | -           | Aaa            | AAA            |
| City of Vancouver                | AA (high)   | Aaa            | AAA            |
| Province of British Columbia     | AA (low)    | Aa2            | AA-            |
| Province of Alberta              | AAA         | Aaa            | AAA            |
| Province of Saskatchewan         | A           | Aa3            | AA-            |
| Province of Manitoba             | A (high)    | Aa2            | AA-            |
| Province of Ontario              | AA          | Aa2            | AA             |
| Province of New Brunswick        | A (high)    | Aa3            | AA-            |
| Province of Quebec               | A           | A1             | A+             |
| Province of Nova Scotia          | A (low)     | A2             | A-             |
| Province of Prince Edward Island | A (low)     | A2             | A              |
| Prince of Newfoundland           | BBB         | A3             | A-             |
| Canada                           | AAA         | Aaa            | AAA            |
| <b>FNFA (anticipated rating)</b> | <b>A</b>    | <b>A1</b>      | <b>-</b>       |

**Pooled Investments**

Currently the FNFA provides investment products for over fifty First Nations that are participating in the FNFA investment pools. The objective of the FNFA in establishing these funds was to encourage First Nations to join the FNFA to develop a track record and a market presence for the FNFA prior to establishing the borrowing pools. There is no financial interdependence between the pooled investments and the proposed capital financing activities of the FNFA. They are separate activities.

The *First Nations Fiscal and Statistical Management Act* will explicitly provide for the continuation of the investment activities in addition to providing for other activities that benefit from pooling such as leasing and short-term financing.

**Money Market INVESTMENT RETURN as of September 30, 2004**

|   | <b>1 Year</b> | <b>3 Year</b> | <b>5 Year</b> |
|---|---------------|---------------|---------------|
| BMO Money Market Fund *                       | 1.26          | 1.46          | 2.47          |
| CIBC Money Market *                           | 1.36          | 1.64          | 2.70          |
| TD Canadian Money Market *                    | 1.56          | 1.86          | 2.88          |
| RBC Canadian Money Market *                   | 1.52          | 1.80          |               |
| HSBC Canadian Money Market *                  | 1.61          | 1.95          | 2.93          |
| 91 Day Treasury Bill Index *                  | 2.29          | 2.65          | 3.68          |
| <b>First Nations Finance Authority (FNFA)</b> | <b>2.33</b>   | <b>2.62</b>   | <b>3.64</b>   |

\* Rates from Globefund.com



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## Message from the Chairman

Like all communities in Canada, First Nations have a right to create good lives for their people. And like all communities in Canada, we also have a right to be able to plan for the future, to direct how our money is spent, and to put in place a system of financial management that will provide a foundation for our children and grandchildren.

For several years I have been involved in an initiative that I believe will allow us to benefit from the sustainable financial opportunities that are enjoyed by non-Aboriginal communities throughout Canada. The *First Nations Fiscal and Statistical Management Act* (FSMA) is an optional means by which First Nations can develop their economies, borrow money to create sustainable communities, generate the capacity necessary to perform strategic planning and exercise their jurisdiction over reserve lands.

The FSMA will allow First Nations the opportunity to make their own decisions with regards to their lands, their finances and their relationships with other orders of government. Our institutions have been legislated away – it is time to legislate them back in a modern context.

The FMB will provide First Nations with a wide variety of financial management services. While it is not a universal remedy for all of the challenges facing First Nations in this country, it is a real step towards placing control over the financial futures of our communities back into the hands of First Nations.



Respectfully,

Harold Calla  
Chairman  
First Nations Financial Management Board  
Advisory Panel

## Frequently Asked Questions



### 1. What is the Financial Management Board?

The First Nations Financial Management Board (FMB) is one of four First Nations-led institutions being developed through the *First Nations Fiscal and Statistical Management Act*. In conjunction with the other institutions (FNFC, FNFA and FNSI), the FMB will support capacity building for First Nations in the area of financial management. The creation of the First Nations-led FMB is intended to send the message that First Nations governments and their organizations are committed to the principles of sound and transparent financial practice. The services offered by the FMB are optional, and will apply only to those First Nations who choose to make use of them.

### 2. What are the services of the FMB?

The FMB's services fall into two categories:

**Borrowing First Nations** – For First Nations who have chosen to enter into property taxation and are seeking entry into the FNFA borrowing pool, the FMB will: certify their financial management systems prior to entry; provide a clearly defined set of standards, policies and procedures relating to financial management; and intervene (in the form of co-management arrangements and third party management) in exceptional circumstances to protect the collective credit of the FNFA borrowing pool.

**All Other First Nations** – For any First Nation that requests them, the FMB will offer a wide range of services in areas relating to: research and advocacy; policy development; capacity development; performance measures and standards.

These services are completely optional. Their real significance lies in the training and capacity development they will provide to First Nations to use in their own time, on their own terms.

### 3. What will the FMB do?

The FMB will:

- develop programs, policies, standards and guidelines to facilitate First Nations economic development;
- respond to the needs of First Nations that collect property tax and are seeking to borrow against their local revenues;
- assist First Nations in their response to the accountability debate by supporting issues of financial transparency;
- offer a full range of services to support First Nations financial management and accountability;
- establish performance indicators and undergo regular and rigorous monitoring to ensure that the FMB remains accountable to its First Nations clients;
- establish systems and procedures relevant to First Nations and based on best practices in financial management and reporting (in cooperation with organizations such as the Aboriginal Financial Officers Association of Canada [AFOA] and other professional bodies); and
- in exceptional circumstances, for members of the borrowing pool, provide intervention mechanisms in the form of co-management arrangements and third party management in order to protect the joint-and-several liability of the FNFA borrowing pool.



*The services offered by the FMB are optional, and will apply only to those First Nations who choose to use them.*

## Building a Better Future

### Fact Sheet

The First Nations Financial Management Board (FMB) is one of four First Nations-led institutions established through the *First Nations Fiscal and Statistical Management Act*; the other three institutions are the First Nations Taxation Commission (FNTC), the First Nations Finance Authority (FNFA) and the First Nations Statistical Institute (FNSI). In conjunction with these three institutions, the FMB will support capacity building for First Nations in the area of financial management.

The services offered by the FMB are optional, and will apply only to those First Nations who choose to use them. The creation of the First Nations-led FMB is intended to send the message that First Nations governments and their organizations are committed to the principles of sound and transparent financial practice.

### Functions

The FMB's functions fall into two categories:

1. For First Nations who have chosen to enter into property taxation and are seeking entry into the FNFA borrowing pool, the FMB will certify their financial management systems, practices and standards, will monitor financial performance and provide intervention in exceptional circumstances (in the form of co-management arrangements and third-party management).
2. For any First Nation that requests them, the FMB will provide services relating to research and advocacy, policy development, capacity development, education and training and reporting and standards development.

### Structure of the Board

The FMB will be governed by a regionally representative board consisting of directors who possess expertise in the area of First Nations financial management. The AFOA will appoint a maximum of three directors, with the remainder being appointed by the Governor in Council.

### Benefits

- *Increased Awareness* – the FMB will increase awareness of First Nations financial management issues and industry best practices.
- *Choice* – the FMB will provide optional services that affect First Nations governments and their organizations on both individual and community levels.
- *Specialization* – by virtue of its role as a First Nations institution, the FMB will be more attuned to the specific financial management needs of First Nations and their communities.
- *Credibility* – the FMB will be uniquely positioned as both a First Nations-led institution and a board of professionals in the area of First Nations policy and financial management.
- *Training* – the FMB will support the delivery of community-based training that involves close consultation with First Nations.
- *Communications* – the FMB will be committed to transparent communications. This will be demonstrated through its development of public standards and policies, which will be published in the *First Nations Gazette*.
- *Expertise* – the reporting methods and standards to be developed by the FMB will be based on industry best practices, and will reflect the unique financial management requirements of First Nations.
- *Economic Development* – the FMB's certification services will provide First Nations with access to improved credit and long-term borrowing through the FNFA. Such access will promote increased investor confidence and overall investment on-reserve.

### Backgrounder

Over the past decade, a need has arisen among First Nations for an improved system of financial management: a system that is able to do more than simply respond to the reporting requirements of funding agencies. Increasing numbers of First Nations have begun to exercise their jurisdiction by passing property taxation laws on reserve. First Nations have also begun generating their own revenue through improved economic development. Consequently, a new and more sophisticated type of financial management requirement has emerged as First Nations have sought to borrow against these new cash-flows. This new requirement reflects the necessity of a system that can better respond to the needs of First Nations and their communities, potential lenders, and those able to support and participate in the economic development objectives of First Nations.

At the same time, there have been public concerns expressed over Indian and Northern Affairs Canada (INAC), and how it and the First Nations managed and accounted for the funding received. These concerns, if not addressed, will create an impediment to the promotion of increased investor confidence on-reserve.

The FMB will be a First Nations organization specializing in First Nations financial management systems and accountability. The development of the FMB has been supported by the First Nations Summit Society of British Columbia.

### Purpose

The need for improved financial management support for First Nations has been advocated by:

- **First Nation members, leadership and other stakeholders in First Nations financial management**, who have been asking for improved financial management reporting and transparent systems of redress for complaints.
- **Regional support** from Union of Ontario Indians, First Nations Summit Society and the Atlantic Policy Congress.
- **The Royal Commission on Aboriginal Peoples** supported a new fiscal relationship and recognized the need for an institution to support First Nations financial management.
- **The Auditor General of Canada**, who has found the current system of First Nation government financial management and controls in need of improvement with respect to onerous financial reporting requirements, poor consultation for third party management and a lack of outcome based performance measures relating to, for example, economic development, education and housing.



*The FMB will be a First Nations organization specializing in First Nations financial management systems and accountability.*



*Individual  
First Nations  
choosing not to be  
part of the  
infrastructure  
established by the  
FMB will continue to  
operate under the  
Indian Act.*

## Building a Better Future

### Rationale

The current system of First Nations financial management is in need of reform so that it may properly respond to the changing requirements of First Nations governments and their organizations who wish to expand their fiscal opportunities. The FMB's certification of First Nation financial management systems will:

- facilitate the use of local revenues to finance infrastructure development and improvements;
- enhance the credibility of First Nations financial management systems; and
- support First Nations economic development.

The First Nations Financial Management Board will assist First Nation governments in establishing effective financial management systems through capacity development, the development of national standards and policies, monitoring, certification, and, if necessary, effective and appropriate remediation, thereby increasing confidence in First Nation governments and supporting the economic and social development of First Nations.

### Services

The FMB will be established initially to provide services to other institutions (FNFA, FNFC and FNFI), and to develop standards and policies for First Nations that wish to secure long-term debt financing. The FMB will also offer financial services to any First Nation that requests them, such as capacity building, performance measures, research and advocacy, and policy development. Its services can be summarized as follows:

- *Objective Assessments* – The FMB will provide technically competent and objective assessments of First Nations financial health and practices in the support of other institutions' mandates, especially in support of the debenture issues process.
- *Guidelines* – The FMB will set guidelines for financial management and reporting.
- *Best Practices* – The FMB will promote best practices in the management of assets, human resources, information, finance and risk.
- *Advisory* – The FMB will provide advice to First Nations on specific issues related to financial management, and program and service delivery.
- *Education and Training* – The FMB will work with First Nations and First Nations institutions to develop capacity and train personnel in First Nations financial management.
- *Policy Development* – The FMB will strengthen the links between policy making, planning and budgeting, allowing First Nations governments to better target services over the long term.
- *Dispute Prevention* – The FMB will support dispute prevention in matters of financial management as requested.



## Strategy

The strategy of the FMB is two-fold:

1. For First Nations governments and their organizations that are looking to enter into long-term borrowing, the FMB will provide access to a more sophisticated system of financial management that encompasses several institutions and a clearly defined set of standards, policies and procedures.

The FMB will rely on agreements with First Nations who are part of the FNFA borrowing pool and will support services to encourage adherence to financial management guidelines.

Individual First Nations choosing not to be part of the infrastructure established by the FMB will continue to operate under the *Indian Act*. However, the FMB will work with the First Nations fiscal institutions to develop appropriate incentives.

The key benefits of participation are:

- *Improved Financial Management Practices* – by increasing First Nation awareness of industry best practices, and by designing standards and policies that are specific to the needs of First Nations, the FMB will assist First Nations in improving their financial management practices and overall accountability.
  - *Increased Investor Confidence* – participation means certification, inspiring higher confidence on the part of private sector interests, as well as financial institutions. Higher investor confidence means more on-reserve investment, which can lead to employment opportunities and improved economic standing.
  - *Access to Capital* – participation allows access to the services of the First Nations Finance Authority (FNFA), thereby increasing access to capital and making on-reserve infrastructure improvements that are not available at the present time.
2. For any First Nation, the FMB will also offer a wide range of services on request. The financial specialization of the board membership ensures expertise and competent direction in the application of these services; as well, the diversity of the board membership will ensure a broad understanding of First Nations-related issues.

The key benefits available to any First Nation, on request, are:

- *Education and Training* – participation will enhance access to industry best practices, training and other critical financial management tools.
- *Advisory Services* – the system of financial management and control developed by the FMB will increase confidence of investors, which will enhance opportunities for investment. Likewise, it is more consistent with the practices of other governments, thereby leveling the playing field for First Nations.

## Functions

Over time, the First Nations Financial Management Board will evolve into a First Nations government service organization that provides First Nations with services to help them improve their financial management and increase overall investment on-reserve.



*The FMB will evolve into a First Nations government service organization.*



*The FMB will concentrate on generating and coordinating communications by designing and implementing an effective program of public education.*

A map of functions, responsibilities and services is illustrated below.

| <b>First Nations Financial Management Board</b>   |   |   |                                   |
|---|---|---|-----------------------------------|
| <b>Administration</b>                             |   |   |                                   |
|   | <b>First Nations With Borrowing Powers</b>        | <b>Optional for All First Nations and Their Organizations</b> |                                   |
| <b>Policy and Standards Development</b>           | <b>Services to Other Institutions</b>             | <b>Capacity and Development &amp; Advisory Services</b>       | <b>Research and Communication</b> |
| FMB Organization Policies                         | Pre-borrowing Confirmation                        | Financial Management Laws                                     | Best Practices                    |
| Financial Management Law & Certification Policies | Financial Management Certification                | Financial Reporting Requirements                              | Approaches to Corrective Measures |
| Institutional Services and Coordination Policies  | Financial Management & Reporting Requirements     | Certification Standards                                       | Fiscal Financing Arrangements     |
| Capacity Development Policies                     | Compliance  | Fiscal Financing Arrangements                                 | Portal Web Site                   |
| Communication Policies                            | Financial Management Law & Certification Policies | Partnerships  | Partnerships                      |
| Reporting and Audits                              | Third Party Management                            | Advisory Support  | Advocacy                          |
| Performance Measures                              |   | Audits and Evaluation   |                                   |
| Dispute Prevention and Redress                    |   |   |                                   |

**Communications and Public Education**

The Financial Management Board will concentrate on generating and coordinating communications by designing and implementing an effective program of public education. The following is a list of key components identified in the communications strategy:

- *Media Relations* – provide Aboriginal and non-Aboriginal reporters with background information on the *First Nations Fiscal and Statistical Management Act*.
- *Newsletters* – work with the FNTC, FNFA, and FNSI to produce a series of information newsletters that outline the process, the history and the issues involved in the initiative.
- *Telephone Message Centre* – a toll-free number (1-877-925-6665) has been established that individuals can call in order to identify issues that are important to them.
- *Website* – a website has been created for the FMB that will compliment the websites produced by the FNTC, FNFA and FNSI. This website will provide access to current information concerning the FMB on a regular basis.



## First Nations Statistical Institute (FNSI)

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***Message from the Chairman***

The goal of the proposed First Nations Statistical Institute is to become a centre of statistical expertise for First Nations.

First Nations communities are beginning to realize just how important statistics are, and how they influence the delivery of programs and services in our communities. From funding arrangements and fiscal transfers to policy development, to attracting investment and capital, statistics are fundamental to infrastructure development.

The Institute will be a service provider to communities, providing analysis, interpretation, and above all, building an understanding of the statistical system. It will strive to improve the administrative data system – an area that needs improvement, as reported by the Auditor General. It will play a role in improving the survey data system as well, most notably Statistics Canada’s Census. It will monitor federal information development and translate back to communities. It will assist communities in attracting investment. Most importantly, the Institute will provide training for communities to build their capacity for data use.

What will be the end benefits for First Nations? A better understanding of how to utilize statistics, community leaders who are better equipped to plan and forecast community needs, and communities that are in a better position to facilitate and encourage economic development and investment.

On behalf of the Advisory Panel, we look forward to your assistance and participation in the development of the First Nations Statistical Institute. Miigwetch.



Respectfully,

Chief Tom Bressette  
 Chairman  
 First Nations Statistics Advisory Panel

### Frequently Asked Questions



#### 1. What is the purpose of the First Nations Statistical Institute?

The development of the First Nations Statistical Institute (FNSI) will increase the value of First Nations information and statistics for First Nations and interested data users by:

- Increasing the analysis, interpretation and thus utility of data and information about First Nations.
- Increasing the quality of the information available to data users, by vetting for accuracy and responsiveness.
- Increasing the ability to compare statistics and information from various sources and enable coupling data and statistics with various qualitative information sources (oral testimonies, news items, studies, articles).
- Most importantly, working with First Nations to meet specific policy objectives, including economic development initiatives or any other special initiative involving systematic data use and expertise.

#### 2. What are some practical examples of how the Institute could assist the other institutes created by the FSMA?

Some examples would include:

- Working with First Nations and the First Nations Tax Commission (FNTC) to develop statistics that allow First Nations to better manage their tax systems.
- Working with First Nations and the FNTC to develop statistics that protect investments in improved infrastructure while identifying potential risks.
- Providing statistics that would help First Nations determine what types of investment they are best able to attract.
- Providing statistics that support First Nations in marketing their communities to investors. Investors typically have difficulty acquiring the information they require to make sound decisions.

#### 3. What are some practical examples of how the Institute could assist First Nations outside of the FSMA?

Some examples would include:

- Providing statistics that could be used as a management tool by First Nations and creating performance measures that could help improve First Nations government.
- Improving First Nations administrative data systems and reducing associated administrative costs. Currently, there is no agency coordinating the collection of First Nations administrative data – a fact that was clearly articulated by the Auditor General's report of 2002.
- Gathering and disseminating information that attracts investment.
- Working with Statistics Canada and First Nations to improve the quality of Census information collected from First Nations. This information is vital, as it is used to help dictate funding formulas for First Nations.



#### ***4. Does the work of the Institute duplicate the work of Statistics Canada?***

FNSI will not duplicate the work of Statistics Canada; instead, it will play a complementary role. Statistics Canada focuses on large collection surveys, most notably the Census. The current gap in the process is the lack of interpretative bodies.

The First Nations Statistical Institute will:

- Focus on analysis, interpretation and dissemination of existing data, such as Census data.
- Build capacity in First Nation communities to understand and utilize the data.
- Work with Statistics Canada and First Nations to improve quality of Census information collected from First Nations (e.g. provide First Nations relevance).
- Analyze survey data to address the needs identified by First Nations.

By having their own statistical institute, like provinces, First Nation interests will be represented at the table with Statistics Canada to understand current activities and assist in the development of new activities, ensuring activities meet the needs of First Nations communities.

#### ***5. Is participation with the Institute optional for First Nations?***

The legislation to create FNSI stipulates that no statistical work can be carried out without an agreement reached beforehand between the Institute and the participating First Nation, which determines the nature and the purpose for the collection of information. This ensures that only communities willing to participate will directly benefit from the work of the Institute.

#### ***6. Why is federal legislation necessary for the creation of the Institute?***

Through the FSMA, the FNSI will have authority to access federal documents or records relating to First Nations for statistical purposes. Without legislation, there would be no access. The FNSI will also, through legislation, have the authority to enter into agreements with any First Nation, provincial government, federal government department or agency, municipality, corporation or other organization to access information holdings for the sharing of information.

### Backgrounder

First Nations governments, organizations and businesses have not had access to reliable statistical information necessary to undertake community planning, research and analysis.

First Nations Statistics is designed to address this deficiency and work with First Nations communities and the government to facilitate social and economic development. As First Nations move toward self-determination there will be a greater need for national and regional infrastructure and institutions to manage First Nations information and statistics.

The final report of the Royal Commission on Aboriginal Peoples recognized the absolute need for data and information management in the evolution of Aboriginal governance and fiscal matters:

Volume 2, page 349: “For Aboriginal people, knowing how political, demographic, social and economic changes will affect their nations having in place data collection vehicles that provide a community and national level aggregate picture will be essential to Aboriginal government implementation and planning process.”

Volume 2, page 349: “As Aboriginal governments assume significantly increased authority and responsibility in areas such as citizenship, financial planning and management, and new services sectors, the demand for data management systems and related capacities will increase.”

The Union of Ontario Indians, representing 42 First Nations, sponsors the development of the First Nations Statistical Institute.

### Objectives

First Nations Statistics’ three main objectives are to:

- provide statistical data and analysis of the social, economic and environmental conditions of First Nations peoples and communities;
- promote the quality, coherence and comparability of First Nations statistics in accordance with recognized standards and practices; and
- build statistical capacity within First Nations government structures to use statistical information to improve the lives of their people.

### Operating Principles

First Nations Statistics operating principles are to:

- function as an autonomous organization;
- prioritize the information requirements of First Nations people;
- maximize the use of data at the community level;
- work in a professional, transparent and effective manner;
- enhance the national statistical system;
- protect personal information;
- use data only for the purposes for which it was collected; and
- minimize respondent burden during information gathering activities.



*As First Nations move toward self-determination, there will be a greater need for national and regional infrastructure and institutions to manage First Nations information and statistics.*







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## Message from the Chairman

On behalf of the members of the Indian Taxation Advisory Board (ITAB), I am pleased to report that a successor institution to ITAB will soon be created. The First Nations Tax Commission (FNTC) will be established in statute and take its place alongside the other proposed fiscal institutions.

The FNTC will operate as part of an overall system of fiscal governance for First Nations. It will be responsible for the development and regulation of the First Nations property tax system. In carrying out this role, it will work with First Nations, other First Nations institutions, and federal, provincial and local governments.

The FNTC will help create a property tax system that is administratively efficient, harmonized with the rest of the country and fair to on-reserve taxpayers. To realize this vision, it will set administrative standards, regulate matters pertaining to its property tax mandate, enforce these regulations, mediate disputes and act on behalf of the collective interest of First Nations tax administrations.

The FNTC will help build bridges between First Nations, other governments, industry and Canadians – a move that will provide a better future for all First Nations.

Sincerely,

Chief Strater Crowfoot  
Chairman  
Indian Taxation Advisory Board



### Frequently Asked Questions



*The FNTC will help build bridges between First Nations, other governments, industry and Canadians.*

#### 1. Why does the First Nations Tax Commission require legislation?

The FNTC requires legislation to have the authority to approve local revenue laws. It is also needed to provide certainty to on-reserve taxpayers, as well as ensure all other interests are reconciled. The FNTC not only requires legislated powers to regulate the First Nation property tax system, but in some cases it may require the powers to provide practical compliance with those regulations. In this regard, the FNTC legislation also directly responds to concerns regarding tax and representation. Finally, legislation provides the stability to preserve the integrity of the system as First Nations use their property tax revenues for debentures. The FNTC needs this power to take measures in the unlikely event of debenture default. This legislated power will improve First Nation credit ratings and lower First Nation borrowing costs.

#### 2. What will the First Nations Tax Commission do?

The FNTC will approve local revenue laws, provide training to the First Nation property tax system, prevent and resolve disputes between First Nation tax administrations and their taxpayers, certify First Nation borrowing capacity based on property tax revenues, and conduct research into emerging issues.

#### 3. Will all First Nations have the opportunity to participate to use the services of the First Nations Tax Commission?

The legislation protects First Nation authority to make their decision about tax jurisdiction. First Nations do not have to levy property tax on reserve. However, should they decide to do so, First Nations may enact property taxation by-laws under the current authority of s.83 of the *Indian Act* or opt to enact taxation laws under the *First Nations Fiscal and Statistical Management Act*.

The FNTC will take over the current duties of the Indian Taxation Advisory Board. The FNTC will advise the Minister with respect to his/her by-law approval responsibilities under s.83 and will offer its services to all First Nations that have assumed property tax jurisdiction. The FNTC will advise the Minister of Indian Affairs with respect to his by-law approval responsibilities under s.83 of the *Indian Act*.

#### 4. Would taxpayers have any representation on the First Nations Tax Commission's Board?

The FNTC's Board will include three taxpayer representatives: each of who shall be a taxpayer using reserve lands for commercial, residential and utility purposes respectively.

In addition, a more transparent policy development process would engage input from taxpayers to ensure their interests are considered in the creation of policy and regulations.

In this way, the new Act provides taxpayers with more input to the development and operation of the real property tax system and more avenues of appeal. It seeks to create a win-win environment that reconciles the interests of taxpayers and the community.



*The new Act will enable the transformation of ITAB into the First Nations Tax Commission.*

## Building a Better Future

### Fact Sheet

#### Introduction

Created in 1989, the Indian Taxation Advisory Board (ITAB) has existed as a national institution for First Nations governance and a regulatory body for First Nation property taxation. To date, it has assisted over 100 First Nations in entering the field of real property taxation. First Nations now collect over \$44 million in annual revenue, while providing services to more than 28,000 on-reserve taxpayers. These revenues have supported improved local services and improvements in the public infrastructure needed to attract further private investment.

The *First Nations Fiscal and Statistical Management Act* will enable the transformation of ITAB into the First Nations Tax Commission (FNTC). ITAB will move from a delegated authority under the Minister of Indian Affairs and Northern Development into a statute-based commission exercising the approval of local revenue laws.

#### Purpose of the FNTC

The main purpose of the FNTC is to maintain an effective First Nation property tax system; thereby implementing First Nation jurisdiction, expanding First Nation economies, and increasing investor confidence on First Nation lands. To achieve this objective, the FNTC must demonstrate to the on-reserve taxpayers and potential investors that First Nations tax regimes are efficient and fair. The FNTC will create sound policies and regulations, as well as further develop the means to either avoid disputes or resolve them effectively.

#### FNTC Services, Functions and Duties

- Formalized policy development and new sample by-laws and local revenue laws.
- Authority for approval of First Nation local revenue laws, under statutorily defined powers.
- Expanded regulatory powers.
- Expanded role of the *First Nations Gazette*.
- Expanded education, communications and training programs.
- Expanded dispute resolution powers.

#### Benefits of the FNTC

The FNTC will expand on the functions and services presently delivered by ITAB. Property taxation provides many First Nations the option to seek investment and to participate in the national economy. The FNTC will continue to improve communications between First Nations and local governments to improve the investment climate of both groups. Another benefit of FNTC will be to continue the transformation of many First Nations economies dependent on transfers to economies that generate wealth. The FNTC will also further ITAB's work to help First Nations tax authorities develop their management capacity with respect to all aspects of property tax, such as budgeting, service provision, administration and capital financing. Taxpayers will benefit through representation on the Commission. There will be three non-Native Commissioners representing stakeholder interests. Finally, the FNTC will continue to develop responsible administrations, better established First Nations economies, improved community infrastructure, and a more productive and prosperous First Nations workforce.

For more information on FNTC, call (613) 954-6201 or (250) 828-9857.

### Background

In 1988, amendments to the *Indian Act* extended the taxing powers of First Nations to their interests in conditionally surrendered or "designated" lands. This First Nations-led change to the *Indian Act* gave First Nations broad new powers to tax the interests within the reserve, thereby establishing their jurisdiction, creating economic development opportunities and providing a basic tool for self-government.

The Indian Taxation Advisory Board (ITAB) was established in 1989 to complement the amendments to the *Indian Act* and to facilitate the approval of First Nations taxation by-laws. As such, ITAB became the first independent, Aboriginal-controlled institution involved in the exercise of the Minister of Indian Affairs and Northern Development (DIAND) decision-making authority under the *Indian Act*.

However, ITAB is "advisory" in nature having only the power of recommendation. The power to approve First Nation taxation laws remains with the Minister. A new First Nations-led institution with legislative powers is needed to ensure that the First Nations property tax system is fair and equitable. This will inspire the confidence of investors and taxpayers on reserve lands, and promote good relations between First Nations property tax authorities, taxpayers, and provincial and municipal governments. ITAB faces a myriad of constraints within a legislative, legal and political context. With increased independence and enhanced functions and services, the FNTC as the statute-based successor to ITAB can better serve the needs of taxing First Nations and their on-reserve taxpayers.

The First Nations Tax Commission (FNTC) is a natural evolution of ITAB. The FNTC will be established by federal legislation, along with three other institutions: the First Nations Financial Management Board (FMB), the First Nations Finance Authority (FNFA), and the First Nations Statistical Institute (FNSI).

The *First Nations Fiscal and Statistical Management Act* will expand ITAB from an advisory body answering to the Minister into a statute-based service agency for First Nations exercising the approval of local revenue laws. The FNTC will represent the collective interests of First Nations and taxpayers, and will promote economic development by enhancing the administrative efficiency and fairness of the First Nations property tax system. Its chief aims are to protect First Nations jurisdiction, safeguard taxpayer interests and increase the value of real property tax on reserve through reducing barriers to economic growth on First Nation land. It will also ensure the effective administration of the tax system while protecting its integrity by reconciling the interests of First Nations tax authorities, and taxpayers, thus creating benefits to all.

The FNTC will enhance and expand ITAB's functions and services. The following functions highlight the services to be delivered.

#### Local Revenue Law Approval

The FNTC will have authority to approve local revenue laws as defined by the *First Nations Fiscal and Statistical Management Act*. It will continue to develop sample laws to facilitate legal drafting for First Nations.

#### More Transparent Policy Development

The FNTC will develop formal procedures for policy development, law review, regulation development, education and training program development, including consultation with key stakeholders.



*The First Nations Fiscal and Statistical Management Act will expand ITAB from an advisory body answering to the Minister into a statute based service agency for First Nations exercising the approval of local revenue laws.*



## Building a Better Future

### *Service Agency with Performance Measures*

The FNTC will deliver quality services to all its clients, including other fiscal institutions. Performance measures will be developed in consultation with stakeholders and there will be regular progress reports with respect to these measures. These measures will also be used internally in the development of the FNTC work plan.

### *Dispute Resolution*

The FNTC will provide a comprehensive alternative dispute resolution (ADR) process to prevent and resolve disputes. The FNTC will offer a broad range of dispute resolution tools including formal and informal processes. A roster of trained mediators will also be established to support dispute resolution through an associated, but independent, service. Mediators will be trained and certified by the FNTC using a curriculum developed jointly by ITAB and the Consensus Building Institute of the MIT - Harvard Public Disputes Program.

### *Enhanced Regulatory Powers*

ITAB currently sets regulatory and administrative standards for First Nations tax authorities. The FNTC will have increased enforcement powers to maintain a regulatory framework that is flexible to encourage service innovations while reducing compliance costs.

### *Education and Training*

The FNTC will continue to provide public education and presentations about First Nations tax systems. It will also establish a training school to deliver a comprehensive curriculum to the First Nation tax administration system to certify First Nations tax administrators.

### *New Commissioners*

The FNTC will be comprised of 10 Commissioners, including a Chief Commissioner and Deputy Chief Commissioner. The Commissioners will be men and women from across Canada, including members of First Nations. Three of these Commissioners will be taxpayers using reserve lands – one each for commercial, residential and utility purposes. Nine of the Commissioners will be Governor-in-Council appointments. One Commissioner will be appointed by a body prescribed by regulation.





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