



ANNUAL GENERAL ASSEMBLY
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ASSEMBLÉE GÉNÉRALE ANNUELLE
AVANCER SUR LE CHEMIN DE LA GUÉRISON

The New Fiscal Relationship: Update

Assembly of First Nations - Annual General Assembly

Vancouver, BC July 4, 2022



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New Fiscal Relationship: Update

- Presentation objective:
 - Provide an update to First Nations on the progress towards recommendations contained in the 2019 Interim Report of the Joint Advisory Committee on Fiscal Relations (JACFR)
 - Update on joint work with the Government of Canada on a New Fiscal Relationship
 - Provide next steps



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Background

- 2016 Memorandum of Understanding created joint technical working groups for co-development:
- The AFN created a Chiefs Committee on Fiscal Relations 2017
 - Leading to 66/2017 resolution
- Engagement sessions across regions 2017
- Report to Chiefs-in-Assembly December 2017



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Background (cont.)

- Per Resolution 66/2017, directed AFN-Canada Joint Report on Fiscal Relations, Chiefs-in-Assembly directed AFN to work with Canada to Create a Joint Advisory Committee for:
 - Direction on new fiscal policy framework
 - Recommendations on First Nation governance support structure.



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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

- The Joint Advisory Committee on Fiscal Relations (JACFR) released its interim report in June 2019 with wide-ranging recommendations on improving the Nation-to-Nation and Treaty-based fiscal relationships of First Nations and Canada.
- Recommendations include options for a new Crown-First Nation fiscal relationship that honours treaties and recognizes and respects inherent rights.



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The JACFR 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 and citizens
 - Closure of socio-economic outcomes gaps



Joint Discussions Underway

Strategic Level

Governance and Fiscal Table

- Policy and legislative frameworks, institutional and administrative capacity supports, and sustainable funding in support of self-determination and service transfer.
- Review Recommendations of Joint Advisory Committee on Fiscal Relations.

Technical Level

New Fiscal Relationship

- NFR Grant– expanding eligibility to other First Nations entities.
- National Outcome Based Framework.

Governance Modernization

- Identify options for program reform and funding models for Canada's support for First Nations Governance.

Default Prevention and Management Policy

- Repeal DPMP
- Joint work on a new policy focused on collaboration and capacity support.



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New Fiscal Relationship Grant

- The NFR Grant is an optional enhancement to the funding agreement model between First Nations and Indigenous Services Canada to increase predictability, flexibility and sufficiency.
- 129 First Nations have opted into the NFR Grant since April 2019.
- An annual escalator has been applied to NFR Grant agreements since 2021-22 to address inflation and population growth.
 - A minimum of two percent annual growth will be provided to ensure that all First Nations with the NFR Grant receive stable and predictable funding.
 - Ability to Focus on Priorities: Participants are reporting much less reporting and greater capacity building.



National Outcomes Based Framework (NOBF)

- **JACFR recommends** that the NOBF be a measurable set of outcomes that can be defined, compared, and acted upon in a coordinated way.
 - “To ensure mutual accountability for implementing the fiscal relationship and closing socio-economic gaps, First Nations and Canada will need to be committed to truthfully measure and report on the living conditions and socio-economic outcomes of First Nations.” (JACFR)
- Preliminary engagement on the NOBF has been undertaken with the AFN, technical experts, government officials, and some regions.
- This remains under discussion as with the rest of the report.



Default Prevention and Management Policy (DPMP)

- **JACFR recommends** that the Minister abolish the ISC Default Management and Prevention Policy, including the use of third-party managers.
- The Joint Technical Working Groups are working on a new policy focused on collaboration and capacity support and developing options for new programs to support modern and appropriate governance and capacity development
- In mid-May, the views of selected First Nations were solicited to determine if preliminary thinking on the new policy is headed in the right direction.
 - The DPMP Joint Technical Working Group will carefully review and consider these views as they continue work on the new policy



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Governance Modernization Working Group

- **As per JACFR** recommendation AFN and ISC have **started the** technical work with two objectives:
 - Explore governance capacity needs in First Nations communities and undertake a comprehensive and collaborative review of federal government programs and funding that support First Nations governance.
 - Develop options for program design and funding models for the Indigenous Governance Capacity Programs, including Band Support Funding and the Employee Benefits Program.



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Next steps/2022-23 Priorities

- Expand eligibility of NFR Grant to include additional First Nations entities and increase scope of program funding.
- Continue work on the development of a National Outcomes-Based Framework
- Abolish the DPMP. Introduce new funding programs to support First Nations governance and capacity development.
- Review federal government programs and funding that support First Nations governance.
- Engage with First Nations on other JACFR recommendations, including statutory transfers and the development of new institutions, including a First Nations Auditor General, a statistical function, and a fiscal policy institution.



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