



ASSEMBLY OF FIRST NATIONS
Special Chiefs Assembly

December 5-7, 2023

Shaw Centre – Ottawa, Ontario

Ottawa is located on the unceded unsundered Territory of the Algonquin People.

ASSEMBLÉE DES PREMIÈRES NATIONS
Assemblée extraordinaire des Chefs

Du 5 au 7 décembre 2023 - Centre Shaw - Ottawa (Ontario)

Ottawa est située sur le territoire non cédé et non abandonné du peuple algonquin.



New Fiscal Relationship

History

Fiscal relations are critical components of Nation-to-Nation relationships. Crown-First Nations fiscal relationships must support and ensure respect for First Nations Inherent rights, Treaties, Title, and Jurisdiction, and First Nations participation in economic growth. First Nations governments and institutions must have access to sufficient, predictable, long-term funding to achieve well-being for their Nations and citizens. The AFN remains committed to the co-development and design of a new fiscal relationship that moves towards sufficient, predictable, and sustainable funding for First Nations governments as envisioned in the 2019 report of the Joint Advisory Committee on Fiscal Relations (JACFR).

AFN's recent advocacy

Based on Resolution 66/2017, *AFN-Canada Joint Report on New Fiscal Relations*, the AFN and Canada co-developed the New Fiscal Relationship (NRF) Transfer or the 10-Year Grant, a new funding mechanism designed to offer First Nations an alternative to funding through contribution agreements. The NFR Transfer provides several significant benefits, including:

- a 10-year term (most contribution agreements have shorter terms);
- design and delivery services flexibility;
- ability to allocate, manage, and use funding to better accommodate local needs and changing circumstances and priorities;
- unspent funds retention; and
- reduced administrative and reporting burdens.

Together with Indigenous Services Canada (ISC), the AFN developed an escalator for the New Fiscal Relationship Transfer to ensure funding keeps us with rising costs and population growth. As of May 2023, 143 First Nations have opted-in to the grant. Of these 143 First Nations, this year 130 will be eligible for escalation of their grant funds. Discussions with ISC and Indigenous partners are underway about expanding the grant's eligible recipients to include tribal councils and First Nations health authorities.

While Canada has long-standing programs that support the delivery of services in First Nations communities, programs such as Band Support Funding, Employee Benefits, Tribal Council Funding, and Professional and Institutional Development are considerably under-resourced. First Nation governance needs to be modernized. The AFN advocated for increases to these programs in its 2023 Federal Budget Submission and continues to work with ISC on options for modernization.

The AFN continues to call on Canada to rescind the Default Prevention and Management Policy (DPMP) and replace it with a collaborative approach that supports First Nations capacity development and mutual accountability while respecting the rights and authority of First Nations. The AFN, along with The First Nations



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Management Board and the Aboriginal Financial Officers Association provided a joint letter to ISC in November 2023 maintaining this position and the need to continue to develop a strong replacement policy that ends the punitive measures in the DPMP and includes capacity supports for First Nations governments.

Lastly, the JACFR envisioned a new fiscal relationship premised on shared responsibilities and mutual accountability. It called for an accountability framework to measure and report on the closure of socio-economic gaps in conjunction with the development of options for statutory transfers between Canada and First Nations. As per JACFR recommendations, ISC is currently engaging with First Nation leadership and regions, about the draft National Outcomes-Based Framework and expects to complete the engagements by the end of 2023. Following the engagements, ISC will review the feedback received and draft a report. The draft framework will then undergo a review of the indicators to better align with First Nations needs and interests and then be brought forward for validation by First Nations-in-Assembly.

Next Steps

The AFN continues to support ISC in obtaining expanded authorities to implement the JACFR recommendations. This includes expanding the NFR Grant to aggregates such as Tribal Councils and First Nation Health Authorities and seeking additional policy authority to undertake further work on remaining JACFR recommendations including providing recommendations to First Nations on the establishment of a First Nations Auditor General Office, the creation of a First Nation Data and Statistical Institute, and the repeal of the *First Nation Financial Transparency Act*.

The AFN maintains that key elements of a New Fiscal Relationship between Canada and First Nations includes new funding arrangements and recognition of First Nations' jurisdiction, and the transfer of service delivery to First Nations governments and First Nations-led institutions. This work includes mutual accountability and must ensure a means for measuring progress toward closing the socioeconomic gaps.