

The Proposed First Nations Fiscal Institutions: Closing the Gap



Manny Jules
ITAB Chairman

just like any other government in Canada. This is the job of the FNTC. First Nations must restore confidence in the financial management of their governments. The FMB represents a First Nation response to the accountability agenda.

The **First Nations Tax Commission** represents an evolution of the successful Indian Taxation Advisory Board (ITAB). The FNTC will be responsible for the development and regulation of the First Nation property tax system and will replace the Minister of Indian Affairs in the approval of First Nation Property Tax legislation. It will work with First Nations, other First Nation institutions, and the federal, provincial and local governments to protect First Nation tax jurisdiction. According to Manny Jules, ITAB Chairman, "The FNTC will support First Nations who wish to improve their investment climate by ensuring taxpayers receive high quality public services at a fair price". 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. The FNTC will set administrative standards, regulate matters pertaining to property



Harold Calla
FMB Chairman

A First Nation-led initiative, the proposed First Nations Fiscal Institutions Act (FNFA), is intended to close the gap between First Nations and other Canadians. It will provide First Nations with the needed financial tools to improve their quality of life. This legislative package is comprised of four institutions, which include: the First Nations Tax Commission (FNTC); the Financial Management Board (FMB); the First Nation Statistics Institute (FNSI); and the First Nations Finance Authority (FNFA). Each institution will play an important role in fostering economic development.

First Nations require an institutional framework comparable to the one the rest of Canada takes for granted. First Nations need to finance their physical infrastructure over 20 years instead of three. The FNFA will help to correct this. First Nation members, investors and the public need to have access to reliable and accurate First Nation information for decision-making. This will be the role of the FNSI. First Nations need stable, secure and fair tax jurisdiction to provide high quality public services, build infrastructure and attract investment,

tax, mediate First Nation tax disputes, provide training to First Nation tax administrations and act on the behalf of First Nation tax administrations as required.

The **Financial Management Board** will build First Nation financial management capacity and enable First Nation designed financial administrative systems. This will empower First Nations by reducing disputes, and improving their overall investment climate and credit rating. Harold Calla, FMB Chairman believes, "The FMB will help First Nations take control of the accountability agenda. We will work with our communities to build the confidence of our members, investors and the public in our financial administrations and allow us to fully participate in the economy". The services offered by the FMB are optional: their real significance lies in the economic training and development that they will provide to First Nations to use on their own time, and on their own terms.

The **First Nation Statistics Institute** will develop analytical expertise, improve the quality and timeliness of First Nation statistics so that First Nation governments have the necessary information to make economic, social and fiscal policy decisions. Chief Tom Bressette, Chairperson of the Advisory Panel responsible for the development of FNSI states, "FNSI will enable First Nations to tell their own story". Framed with parallel authority, FNSI will develop as a credible institution comparable to Statistics Canada. FNSI is designed to assist in capacity development and data analysis currently not available to First Nations that will help First Nations



Chief Tom Bressette
Chair, FNSI, Advisory Panel

meet their local data needs and encourage them to develop a community accounts system, not unlike the System of National Accounts, maintained by Statistics Canada.

The **First Nations Finance Authority** will provide capital financing and investment services to qualified First Nations. It will help communities build basic infrastructure necessary to attract jobs and business investment onto their reserve lands; infrastructure such as water systems, sewers, roads and other public facilities. Deanna Hamilton, FNFA President states, "The FNFA will pool the capital require-



Deanna Hamilton
FNFA President

ments of qualified First Nations, issue our own bonds, sell them, and then lend the proceeds of the bond issues back to the participating First Nations". The FNFA has been modeled on existing and successful finance authorities that serve local government. With the new legislation the FNFA will be able to achieve a strong credit rating for all its Members making capital more available and affordable to more First Nations.

The four proposed fiscal institutions provide essential public services to First Nation governments that use them. They will serve as the building blocks to a new fiscal relationship that will help First Nations fulfil their aspirations. They will set the stage for the establishment of true First Nation government and create opportunities to build a stronger and more prosperous future.