



**First Nations Tax Commission**

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# **Annual Report 2016/2017**



# Message from the Chief Commissioner



C.T. (Manny) Jules,  
Chief Commissioner/CEO

The FNTC's 11th annual report is being written at a time when a potentially historic opportunity for Indigenous peoples and Canada exists. The Government of Canada has made a commitment to reconciliation with Aboriginal peoples and nation-to-nation, government-to-government relationships. To us, this represents a challenge to develop and implement the means to reconcile the place for our governments within Canada. The First Nations Tax Commission (FNTC) and other First Nation institutions serve an important governance aspect of reconciliation. FNTC and similar institutions derive their authority from section 91(24) of the Canadian Constitution. Provincial institutions are built on section 92(1) of the Constitution.

Many First Nations assert that their inherent jurisdictions should be supported by a First Nation institutional framework. As demonstrated by the success of the *First Nations Fiscal Management Act* (FMA), First Nations-led federal legislation is a best practice to establish First Nation institutions. The FNTC and other First Nation-led institutions can pave the way as Canada shifts its relationship with First Nations from one that is program-based to one based on a nation-to-nation framework.

In 2016, the FNTC worked with First Nations and the other First Nation institutions to meet the challenge and develop a broader institutionally supported reconciliation option for interested First Nations. The FNTC has long maintained that the foundation for restoring First Nation jurisdiction is FMA taxation. Building on this foundation, initiatives advanced by First Nations, the FNTC and other FMA institutions include:

- Expand the FMA to enable more tax powers, improve financial management and increase access to capital
- Establish a First Nation Infrastructure Institute to support FMA First Nations
- Advance an Aboriginal resource tax as a First Nation fiscal benefit from resource development
- Work with First Nations in Ontario seeking to develop their tobacco tax jurisdiction
- Develop a revenue and jurisdiction based fiscal relationship option
- Implement additional First Nations fiscal institutions related to statistics and financial matters
- Support the restoration of First Nation title through the Indigenous Land Title Initiative
- Design and implement a First Nation land title registry system
- Build First Nation public service capacity to implement jurisdiction through the Tulo Centre
- Expand the *First Nations Gazette* as a source for all First Nation laws

Taken together, these initiatives represent the foundation for a comprehensive reconciliation option built under federal constitutional authority and supported by First Nation institutions. Implementing these proposals would restore First Nation title and tax jurisdiction. They would provide improved services and infrastructure to our communities. They would help interested First Nations implement more of their inherent jurisdictions. They would provide much better fiscal sustainability than our current transfer-based fiscal relationship. They provide a practical means for the federal government to meet its commitment to implement fundamental elements of the United Nations Declaration on the Rights of Indigenous Peoples.

In the last year, the FNTC and supportive First Nations completed a great deal of work on these initiatives. I was pleased to make presentations about our proposals to the House of Commons Standing Committee on Indigenous and Northern Affairs, the Public Policy Forum and many First Nation communities and organizations. I expect that with the continued leadership of supportive First Nations and the federal government, considerable progress will be made on all these initiatives this year.



I was also pleased to attend, along with the First Nations Financial Management Board and First Nations Finance Authority, a side event presentation at the United Nations, as part of the 15th session of the United Nations Permanent Forum on Indigenous issues: “A Successful Model of Indigenous Governance Through an Indigenous-led Institutional Framework.” The Permanent Forum on Indigenous Issues was attended by representatives of more than 100 countries. It was an opportunity to share the success of First Nations who supported the development of the FMA with the international community and to position the work of the institutions within the global discourse on Indigenous economic development.

Of course, in addition to these new initiatives, FNTC continues to support First Nations and their taxpayers. In 2016-2017 there were 34 more First Nations added to the FMA Schedule for a total of 211. There are now 146 First Nations implementing property taxation under the FMA and section 83 of the Indian Act who have collected approximately \$86 million this past year in local revenues to provide services and infrastructure to their communities and taxpayers. We recommended and Parliament enacted FMA amendments to provide First Nations with fee and payment in lieu of tax opportunities like other governments in Canada. The amendments have streamlined and improved access to FMA taxation. More First Nations are implementing more FMA tax powers related to development cost charges, local improvement taxes and business activity and property transfer taxes. Many more students, leaders and administrators are attending Tulo Centre

courses and workshops. The work of the FNTC and the FMA institutions strengthens governance and builds First Nation economies through standards and better access to infrastructure financing capital.

We are proud of the work First Nations are doing using the FMA and the success enjoyed by the other FMA institutions. Last year, an independent review of the FMA concluded “the FMA institutions are the most interesting innovation to occur over the past decade in Indigenous policy making”. This report further concluded that the FMA institutions provide large and tangible benefits for First Nations, that the FMA institutions are important centres of innovation and that this institutional model should be significantly expanded as part of Canada’s commitment to reconciliation.

I hope you will support our initiatives and work with us in support of First Nations who are working to expand their economies and jurisdictions. Thank you for reading our 2016-17 annual report. As always, I welcome your comments and advice as we look forward to the year ahead.

C.T. (Manny) Jules,  
Chief Commissioner/CEO

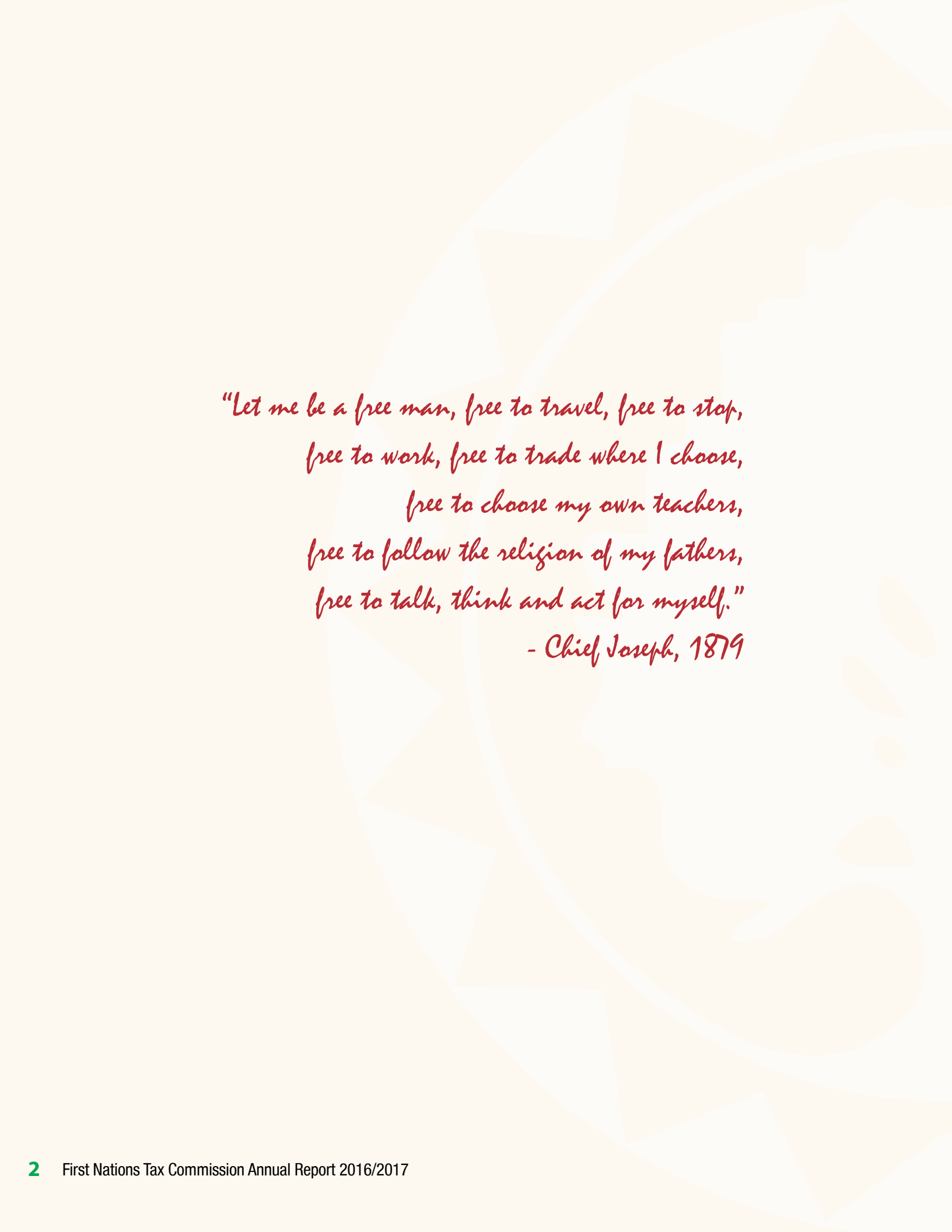


### The FNTC Vision

- Promote, expand, implement and protect First Nation tax jurisdictions;
- Support the growth of the revenue potential of First Nation tax bases through economic development;
- Support First Nation governance and the development of administrative infrastructure across the country;
- Promote the development of quality physical infrastructure for First Nations and their taxpayers; and
- Promote First Nation taxation, support an improved fiscal relationship and develop the capacity for economic development to grow the First Nation tax system

### The Principles of the FNTC

- First Nations are governments within the Canadian federation;
- Jurisdiction defines governments and tax revenue enables jurisdiction;
- First Nation tax jurisdiction is the basis for revenue-based fiscal relationships between First Nations, provincial and federal governments;
- Economic growth increases tax revenues, which improves services and infrastructure; and
- The assumption of jurisdictions by First Nations must be First Nation-led, optional and supported by (national) First Nation institutions.



*"Let me be a free man, free to travel, free to stop,  
free to work, free to trade where I choose,  
free to choose my own teachers,  
free to follow the religion of my fathers,  
free to talk, think and act for myself."  
- Chief Joseph, 1879*

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# Overview





## Progress and Vision

The FNTC annual report provides an opportunity to report to First Nations, taxpayers and the federal government on the FNTC's progress on each element of its vision and to provide examples of how the work of the FNTC improves First Nation communities. In 2016/2017, the FNTC has continued to support First Nations in implementing various property tax jurisdictions and has continued to maintain standards and processes that promote transparency and consideration for taxpayers.

**Expanding First Nation Tax Jurisdiction** – In 2016/2017, there were 34 First Nations added to the FMA Schedule for a total of 211. There are now 146 First Nations implementing property and local revenue taxation under FMA and s. 83 of the *Indian Act*. They collected approximately \$86 million in local revenues to provide services and infrastructure to their communities and taxpayers. First Nations continue to implement development cost charge, local service charge, business activity tax and property transfer tax jurisdictions. Recent FMA amendments were implemented to provide First Nations with fee and payment in lieu of tax opportunities like other governments in Canada, and make the First Nation property tax system more effective and efficient for First Nations. The FNTC advanced plans to have the FNTC become a single window institution for First Nation tax jurisdiction including working to support First Nations regarding Aboriginal Resource Taxation (ART), tobacco taxation in Ontario, and in implementing FNGST systems. The FNTC also worked with interested First Nations to develop a revenue based fiscal relationship proposal to provide more secure revenues to raise services and infrastructure to national standards.



### 34 FIRST NATIONS

were added to the  
Schedule of the  
FMA in 2016/2017

2015 / 2016

**11%  
growth**

2016 / 2017

**19%  
growth**

First Nations  
implementing  
*First Nations Fiscal  
Management Act (FMA)*  
tax jurisdiction.

# Overview



**Growing First Nation Economies** – Tax jurisdiction supports economic growth. It provides stable revenues to finance quality services and business grade infrastructure. In 2016/2017, the FNTC continued its work with the FNFA to increase the number of First Nations using local revenues to finance capital infrastructure on reserve lands. The amendments to the *Standards Establishing Criteria for the Approval of First Nation Borrowing Laws* included an increase in debt-servicing limits to 40% for certain First Nations who have a significant non-residential tax base and modest local service costs. The FNTC also continued its work to complete the Indigenous Land Title Initiative with particular attention paid to the proposed First Nation land title registry and the ready-to-use legal framework to promote economic growth and save interested First Nations implementation time and resources.

**Supporting First Nation Governance** – National institutions like the FNTC are fundamental to implementing First Nation jurisdiction, a nation-to-nation framework, and a new First Nation fiscal relationship. The FNTC provides the knowledge, expertise, capacity, resources and regulatory framework to support First Nation fiscal jurisdictions. This is especially true for smaller First Nation communities and saves tax collecting First Nations time and money. The FNTC plays an important role in ensuring taxpayer interests are represented in the First Nation property tax system, and FNTC standards and sample laws are key elements of a stronger First Nation investment climate. In 2016/2017, the FNTC developed new standards and sample laws for Accommodation Operator Business Activity Tax (BAT) and Quarry Operator BATs. The FNTC also worked with interested First Nations to advance the development

## First Nations Restoring Their Jurisdiction A Brief History of First Nation Tax Jurisdiction



First Nations Tax Commission  
Commission de la fiscalité des premières nations



# Overview



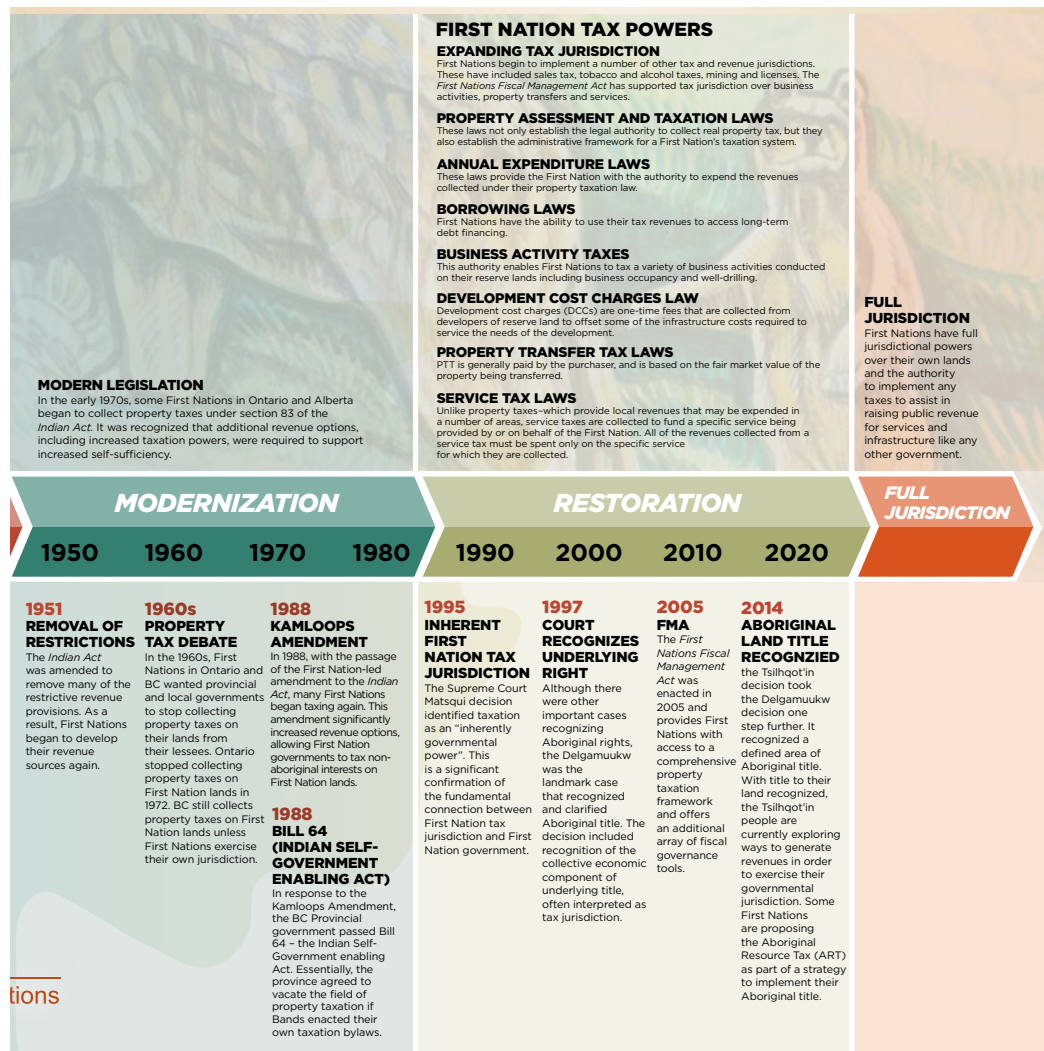
of a First Nation Infrastructure Institution (FNII), to help First Nations close the planning and management gaps they face when building economic infrastructure.

**Building First Nation Capacity** – The FNTC continues to support First Nation capacity development through workshops, training opportunities, and communications. In 2016/2017, the FNTC provided 74 presentations to taxpayers, First Nations, governments and the public related to First Nation taxation, the FMA and First Nation economies. One-day workshops were also delivered.

The FNTC's Tax Administration System (TAS) is an innovative cloud-based internet application that assists tax administrators through the annual cycle of property taxation, including setting tax rates, printing tax notices, and managing payment collection. BC Assessment now uses TAS as its mechanism for the distribution

of all assessment rolls to its BC First Nation clients. In 2016/2017, in addition to the regular webinar tutorial sessions, TAS developed a new teaching module specifically for use in the Tulo Centre classroom based on feedback from Tax Administrators.

FNTC also offers accredited courses in the *Certificate in First Nation Tax Administration* program and the *Certificate in Applied Economics* program delivered in partnership with Thompson Rivers University and the Tulo Centre of Indigenous Economics. In 2016/2017, FNTC and the Tulo Centre delivered nine accredited courses of the *Certificate in First Nation Tax Administration* program and the *Certificate in Applied Economics* program to 50 students from 37 First Nations across Canada.







# Highlights

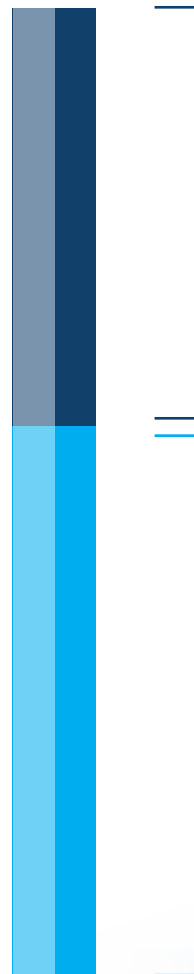


## FMA Amendments

In June 2015, amendments to the FMA were passed by Parliament and given Royal Assent. The passage of this legislation was the culmination of a six-year effort by First Nations, First Nations institutions, First Nation tax administrators, and taxpayers. The FNTC also worked with the federal government to amend a number of the regulations supporting First Nation property assessment and taxation to reflect the FMA amendments. These changes, which came into force on April 1, 2016, resulted in a First Nation property tax system that is more efficient, smarter, and more responsive to First Nations and their taxpayers.

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**TOTAL: \$86.26 Million**  
**COLLECTED BY FIRST NATIONS**  
**IMPLEMENTING PROPERTY TAXATION**



**\$36 Million**

was collected by First Nations taxing under s. 83 of the *Indian Act*

**\$50.26 Million**

was collected by First Nations taxing under FMA (\$45.25 Million collected last year, an increase of 11%)



# Highlights



## Key FMA changes involving First Nation property taxation:

### Access to the FMA:

- Minister of Indigenous and Northern Affairs, rather than Governor-in-Council, can amend the Schedule for First Nation participation. This will reduce delays associated with adding new First Nations to the FMA Schedule.

### Notification of Laws:

- Shorter period of notification of laws or amendments (from 60 to 30 days).
- Mail out requirement to members and taxpayers eliminated.
- Newspaper publication requirement replaced with notification in the *First Nations Gazette*.
- Gives FNTC the ability to develop standards for notification.

### Submission of Laws for FNTC Review:

- Representations to Council no longer need to be sent to FNTC.

### Property Taxation:

- Local revenue includes payments in lieu of taxation.
- New fiscal power for collecting fees for water, sewer, waste management, animal control, recreation, transportation, and other similar services.

- Affirms the recovery of enforcement costs for enforcement (including the costs of the seizure and sale of taxable property).

### Annual Rates and Expenditure Laws:

- Clarifies the ambiguity of when annual laws need to be made.
- Gives FNTC the ability to develop standards to facilitate the different timing requirements for First Nations.
- Clarifies the legislative authority for expenditure laws and eliminates the need for interim budgets.

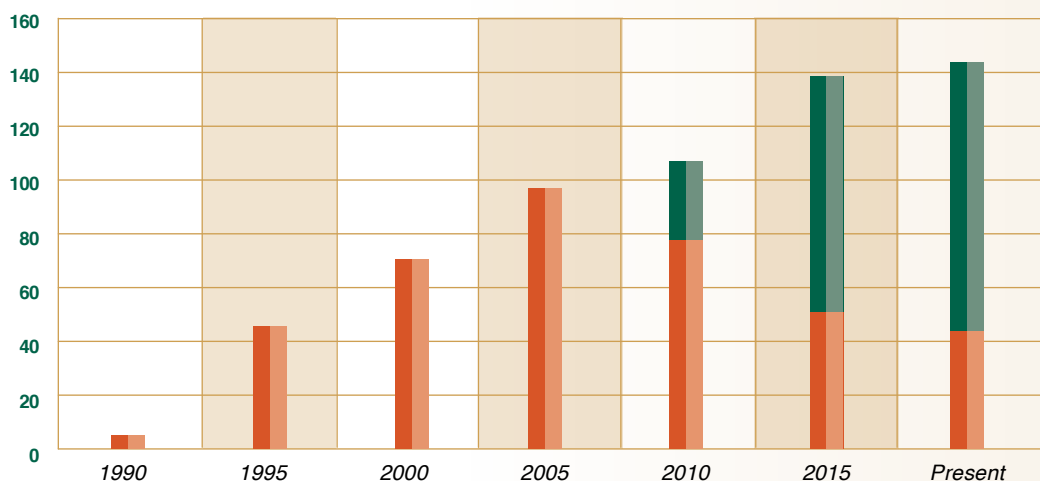
### Local Revenue Account Management:

- Clarifies that local revenues must be placed in a local revenue account with a financial institution and separate from other monies of the First Nation.
- Provides that certain First Nations may not need to conduct separate audits for the local revenue account.

The FMA institutions continue work on additional proposed amendments to the FMA. The proposed amendments are aimed at clarifying certain aspects of the legislation, and at making the legislation more flexible and responsive to the needs of First Nations and their taxpayers. INAC has completed a detailed review of the proposed amendments and are seeking the authority to begin the legislative drafting process.

## Growth in First Nation Property Taxation

- TOTAL s. 83
- TOTAL FMA





## Towards a Single Window for First Nation Tax Jurisdiction

FMA First Nations want more jurisdiction and services. The FNTC is working with the other First Nation fiscal institutions and the federal government to explore options to expand the use and scope of the FMA. In particular, the FNTC has prepared a vision document and is in the process of drafting a five-year business plan and accompanying multi-year work plans to support proposed new FMA fiscal powers, expanded business lines, and a single window institution for First Nation tax jurisdiction to support a greater number of tax collecting First Nations. This proposed single window approach, to include FNGST, ART and Tobacco Tax, would be a more efficient and effective way to implement Indigenous tax jurisdiction in a manner that improves the national investment climate and raises First Nation service and infrastructure quality.



## First Nations Goods and Services Tax (FNGST)

The 2016 report *The FNGST Business Case for Expanding FMA Tax Jurisdictions and the FNTC Mandate* reflected that the FNTC has often responded to requests to support a number of non-FMA tax jurisdictions. The first in this regard was the FNGST. Since 2007, the FNTC has provided information and support to 10 of the 14 First Nations that have established FNGST systems outside of Treaty processes. However, the FNTC does not have a mandate to promote or support the FNGST within the FMA nor does the FNTC receive any resources to promote or support the FNGST. The Aboriginal Tax Policy branch within the Department of Finance is responsible for supporting First Nations interested in the FNGST.

The FNGST represents an important evolution in First Nation taxation as it expands jurisdiction to transaction taxes and the tax applies equally to members and non-members. If the FNGST were to be included as part of the FMA legislative framework, First Nations would have a single window for services and support related to tax. First Nation governments would also benefit from the transparency and accountability provisions of the FMA regulatory framework to connect FMA revenues to services expenditures through annual expenditure laws. Including FNGST and other similar revenues in the FMA would facilitate borrowing at longer terms, lower rates, and support improved infrastructure planning processes.





## Advancing the Aboriginal Resource Tax (ART)

Over 50 First Nations have asked the FNTC for support and advice about tax jurisdiction related to resource development. The development of the ART associated with pipelines and resource development in BC and Ontario has garnered solid support from First Nations. For the First Nations advocating the development of an ART, a key element is that the tax represents a stable method to generate revenues from developments in their territories to support improved First Nation services and infrastructure. The FNTC continued to support these First Nations in 2016/2017 and advance the design and regulatory framework for the ART option.

## Tobacco Tax

The Government of Ontario continues to lose significant tax revenues because of unregulated tobacco sales on reserve to non-First Nation consumers and has suggested preliminary support for First Nation tobacco tax jurisdiction as a potential solution. In May 2016, the Ontario Ministry of Finance (MOF) and the Ministry of Indigenous Relations and Reconciliation (MIRR) began a process with the FNTC to explore methods to implement First Nation tobacco tax jurisdiction. The FNTC and Ontario recognize challenges related to communications, regulation, enforcement, transparency and incentives to implement First Nation tobacco tax jurisdiction. The Government of Ontario hosted a two-day Tobacco Forum in March 2017, attended by 26 First Nations, to discuss the issue of unregulated tobacco on reserve and the ensuing tax loss. The FNTC was invited to make a presentation about how it could help interested First Nations implement their tobacco tax jurisdiction. Chief Commissioner Jules provided an overview of how First Nations lost both title to their lands and tax jurisdiction over time and described key highlights from the fight to restore title and jurisdiction, including statements from the 1968 review of the *Indian Act* and the Ontario Tax Grievance Committee. The mandate, functions and services of the FNTC were discussed as was the potential role of the FNTC in assisting First Nations interested in asserting tobacco tax jurisdiction. The FNTC will continue to work with interested First Nations and Ontario to determine if the FMA could be used on this potential emerging tax jurisdiction in 2017.

## Restoring Jurisdiction and Governance to First Nations

First Nations want a means to restore the jurisdictional foundations of their governments and economies. The FNTC has been exploring options for interested First Nations to help them rebuild their nations. The foundation of all governments is land and tax jurisdiction. Governments can establish plans, laws and policies for the use and management of lands and resources. They can collect taxes from the property, people and activities on those lands. They can use their taxes and resources to implement other jurisdictions and provide public services and infrastructure. Building on the success of the FMA, the following concepts provide a blueprint to restore the land and tax jurisdiction and governance foundations for interested First Nation governments.

## A Tax and Revenue-based Fiscal Relationship

A number of First Nations want revenue-based fiscal relationships that connect revenues raised by governments and their jurisdictions and services. The FNTC has supported a significant amount of research and development work concerning a new First Nation fiscal relationship based on secure, stable, independent First Nation revenues. Under this option, First Nations can use new tax revenues to assume full decision-making authority and responsibility for the delivery of specific services. The federal government would no longer set conditions or reporting requirements with respect to the assumed responsibilities; these could be established through the FMA. In 2016/2017, the FNTC developed a discussion paper on a tax and revenue-based fiscal relationship for presentation to tax collecting First Nations and the federal government. The FNTC also worked with INAC to review gaps in First Nation statistical reporting capacity and how the necessary functions of the now defunct First Nations Statistical Institute could be fulfilled.



# Highlights



## Advancing an FMA Infrastructure Institution

Sustainable infrastructure systems are built on a strong fiscal and financing foundation supported by excellence in planning, risk management, and construction. The FMA was designed to improve access to revenue options and long-term capital for First Nation infrastructure but it does not sufficiently support infrastructure planning and risk management gaps. In 2016/2017, the FNTC and proponent First Nations advanced a proposal for the creation of a First Nation Infrastructure Institution under the FMA, conceptually modeled on the successful elements of Infrastructure Ontario.

The FNII could help close capacity gaps and provide higher value for money for First Nation infrastructure investments, by providing assistance to First Nations through:

- Implementing standards and laws required to support infrastructure projects and improve investment climates;
- Assessing infrastructure project readiness and developing an infrastructure development plan;
- Developing integrated infrastructure planning;
- Creating administrative capacity to assess appropriate costs for infrastructure projects;
- Creating capacity to efficiently project manage and build infrastructure projects;
- Creating certified training and systems for First Nation administrations to support the operation of sustainable infrastructure systems;
- Advocating for the development of new FMA revenue streams within an improved fiscal framework to finance infrastructure projects; and
- Assessing infrastructure risks and developing risk management strategies.

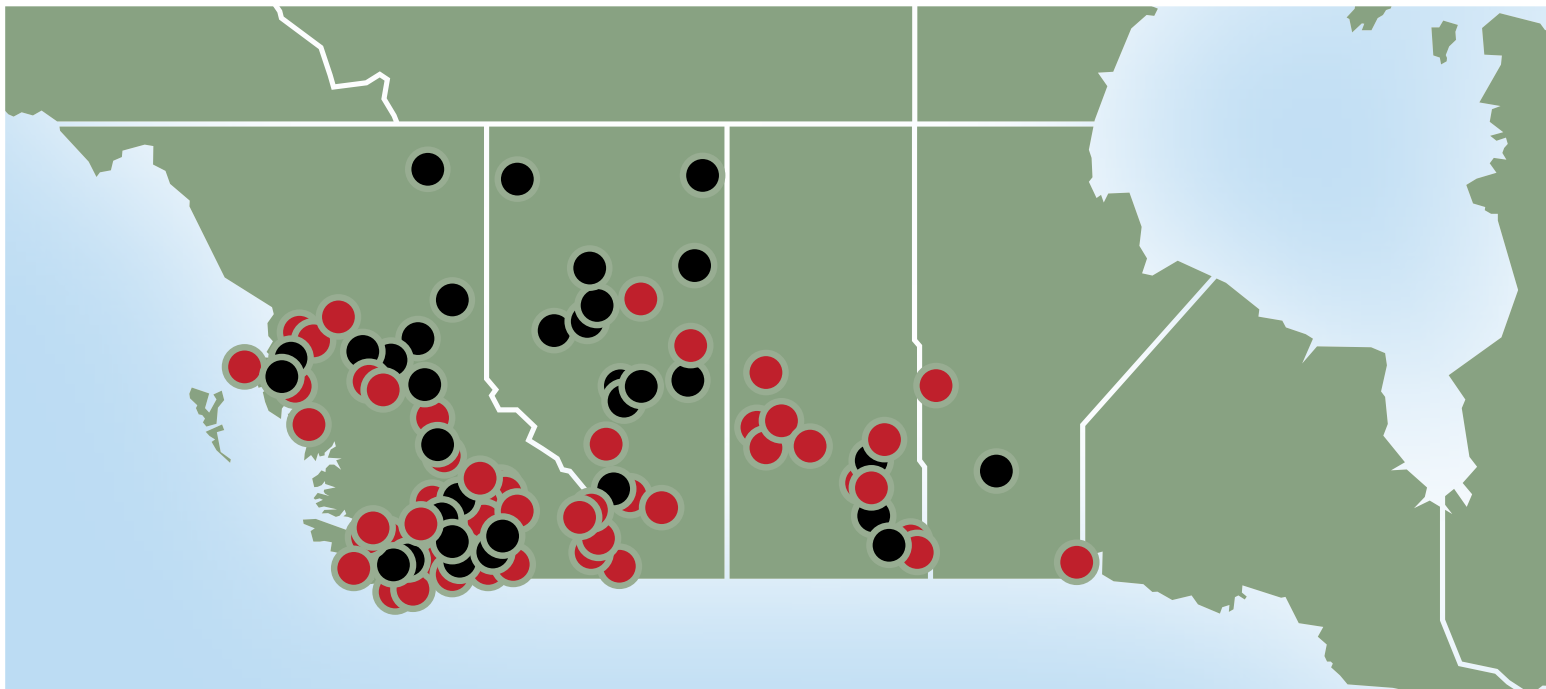
## Indigenous Land Title Initiative

The FNTC has been working with proponent First Nations and federal government officials on the Indigenous Land Title Initiative (ILTI). ILTI will restore land ownership, giving First Nations title to their lands, the authority to maintain governance and the power to make laws related to the use of the land. It also includes a more efficient land registry and title system that supports access to mortgages and home equity, and provides First Nations and their members with the same property right system enjoyed by other Canadians. The FNTC has been developing a framework for a legislative option to accomplish this goal including a complete spectrum of land management regulations to support First Nation ILTI governance.





## First Nations are Leading the Way



### O'Chiese First Nation Established a New Tax Power



*In Alberta, O'Chiese First Nation (OFN) strives to create as many opportunities as possible for OFN to participate in the development of natural resources on their lands and to also provide new employment opportunities for its citizens.*

*OFN has been taxing since 1998, but only recently joined the FMA. In 2016, the OFN enacted the first ever well drilling tax on First Nation lands. It is similar to the Well Drilling Equipment Tax that Alberta local governments have been using for over 70 years. A tax rate is applied on the metric length of oil and gas wells drilled. Approximately 180 wells are drilled each year on reserves.*

### Saddle Lake Cree Nation: Clearing the Path to a Stronger Future with Property Taxation

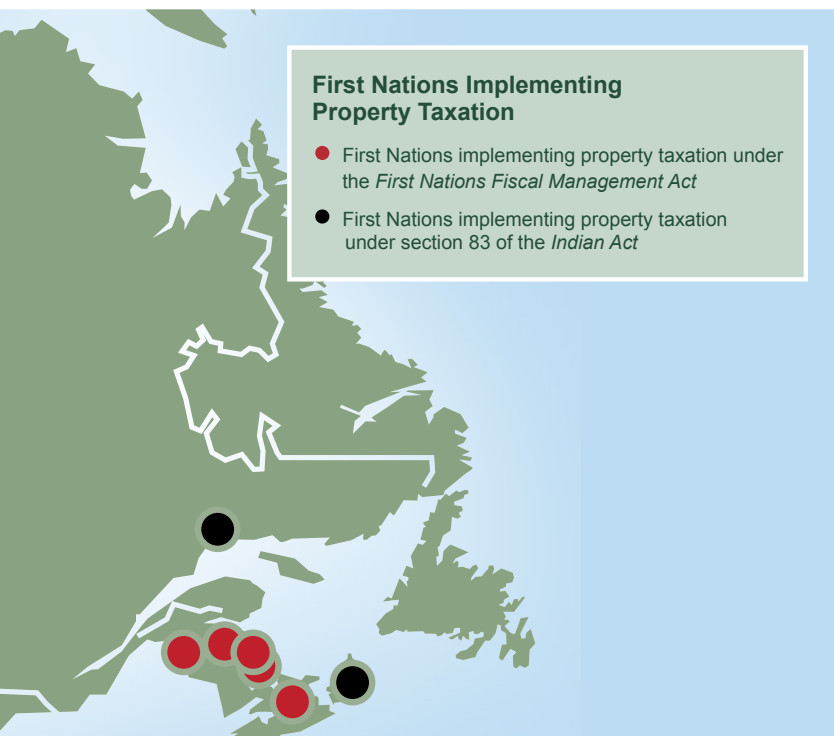


*Saddle Lake Cree Nation (SLCN), also in Alberta, is a rapidly growing community with a demographic that continues to get younger and a population that is expected to pass 25,000 by 2025. SLCN has been preparing for their growing service needs. Winston Lapatak, Tax Administrator for SLCN said "For me, the property tax system being introduced to Saddle Lake means that it will assist us in terms of moving forward into the future with new opportunities and the means to introduce new infrastructures such as introducing water distribution lines as well as looking at other new public infrastructures that will benefit not only our seniors and our membership but our young people with recreation and park land opportunities.*





# Highlights



## Successful Tax Administration and Importance of Taxpayer Relationships



Wendy Ham, Tax Administrator for Sumas First Nation (SFN) in British Columbia, attended Tulo Centre classes with the aim to reviewing SFN's tax laws and identify areas to work on so the laws better reflected the needs of the community and to connect with FNTC for support.

*"In tax administration, the key to having a good program is being proactive with taxpayers. Taxation weaves into so many areas of First Nation administration, including land and resource management and working on infrastructure. It really is a cornerstone of sound First Nation governance... It's a matter of meeting early on with potential taxpayers or leaseholders to build those relationships so they know what they are getting into and helping them understand the process. It is so important to have good long-term relations with leaseholders. It may be a lot more work up front, but it saves so much time and energy in the long-run because the tax appeal process is long, stressful and expensive. By taking a proactive approach and focusing on good taxpayer relations, First Nations can avoid many of those problems."*

## 34 First Nations were Added to the FMA Schedule in 2016/2017.

There are now 211 FMA First Nations in Canada. This represents a 19% increase in the total number of FMA First Nations from 2015/2016.

- Acadia
- Beady's and Okemasis
- Cook's Ferry
- Dakota Tipi
- Doig River First Nation
- Garden Hill First Nation
- Iskatewizaagegan #39 Independent First Nation
- Jean Marie River First Nation
- Kinistin Saulteaux Nation
- Kwikwetlem First Nation
- Lake St. Martin
- Little Shuswap Lake
- Lytton
- Makwa Sahgaiehcan First Nation
- Micmacs of Gesgapegiag
- Mississaugas of Scugog Island First Nation
- N'Quatqua
- Opaskwayak Cree Nation
- Paqtnekek Mi'kmaw Nation
- Pine Creek
- Poplar River First Nation
- Rainy River First Nations
- Red Pheasant
- Roseau River Anishinabe First Nation Government
- Sakimay First Nations
- Sandy Bay
- Sheshegwaning
- Sipekne'katik
- Skatin Nations
- Skin Tyee
- Skownan
- Wasagamack First Nation
- Whitefish River
- Wuskwi Sipihk First Nation





# Corporate Profile





## Mandate

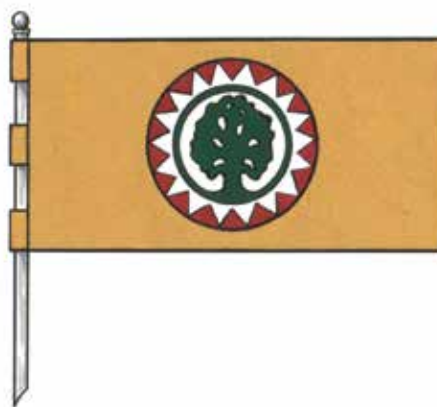
The mandate of the FNTC is set out in section 29 of the FMA:

*The purposes of the Commission are to:*

- a. ensure the integrity of the system of First Nations real property taxation and promote a common approach to First Nations real property taxation nationwide, having regard to variations in provincial real property taxation systems;*
- b. ensure that the real property taxation systems of First Nations reconcile the interests of taxpayers with the responsibilities of chiefs and councils to govern the affairs of First Nations;*
- c. prevent, or provide for the timely resolution of, disputes in relation to the application of local revenue laws;*
- d. assist First Nations in the exercise of their jurisdiction over real property taxation on reserve lands and build capacity in First Nations to administer their taxation systems;*
- e. develop training programs for First Nation real property tax administrators;*
- f. assist First Nations to achieve sustainable economic development through the generation of stable local revenues;*
- g. promote a transparent First Nations real property taxation regime that provides certainty to taxpayers;*
- h. promote understanding of the real property taxation systems of First Nations; and*
- i. provide advice to the Minister regarding future development of the framework within which local revenue laws are made.*

## MOU with Minister of Indigenous and Northern Affairs

Through a memorandum of understanding with the Minister of Indigenous and Northern Affairs Canada (INAC), the FNTC provides advice regarding the approval of s. 83 by-laws and delivers services to First Nations exercising property tax jurisdiction under s. 83 of the *Indian Act*.



## Structure

The FNTC is a shared-governance institution with a Chief Commissioner, a Deputy Chief Commissioner, and eight commissioners from across Canada. The Governor in Council appoints nine of the Commissioners and, under regulations, the Native Law Centre, University of Saskatchewan, appoints one Commissioner. The Commissioners for 2016/2017 were as follows:



- C.T. (Manny) Jules, Kamloops, BC (Chief Commissioner/CEO)
- David Paul, Tobique, NB (Deputy Chief Commissioner)
- Dr. Céline Auclair, Gatineau, QC
- Latrica (Terry) Babin, Windermere, BC
- Leslie Brochu, Kamloops, BC
- Lester Lafond, Saskatoon, SK
- Ken Marsh, Okotoks, AB
- William McCue, Georgina Island, ON\*
- Randy Price, North Vancouver, BC
- Ann Shaw, Chateauguay, QC

*\*Appointment expired in November 2016 and the position remained vacant for the remainder of the fiscal year*

## Commissioners of the First Nations Tax Commission



*Back row, David Paul, Leslie Brochu, Randy Price, William McCue, Ken Marsh  
Front row: Céline Auclair, Ann Shaw, C.T. (Manny) Jules, Latrica (Terry) Babin, Lester Lafond*



## Governance

The FNTC maintains a best practices approach for good governance. It operates in keeping with a comprehensive governance and management policy and the Chief Commissioner has established the following committees to support the work of the FNTC:

- Executive Management Committee
- Management Committee
- Audit Committee
- Section 83 Rates Committee
- Education and First Nation Tax Administrators Association Committee
- International Relations Committee
- *First Nations Gazette* Editorial Board

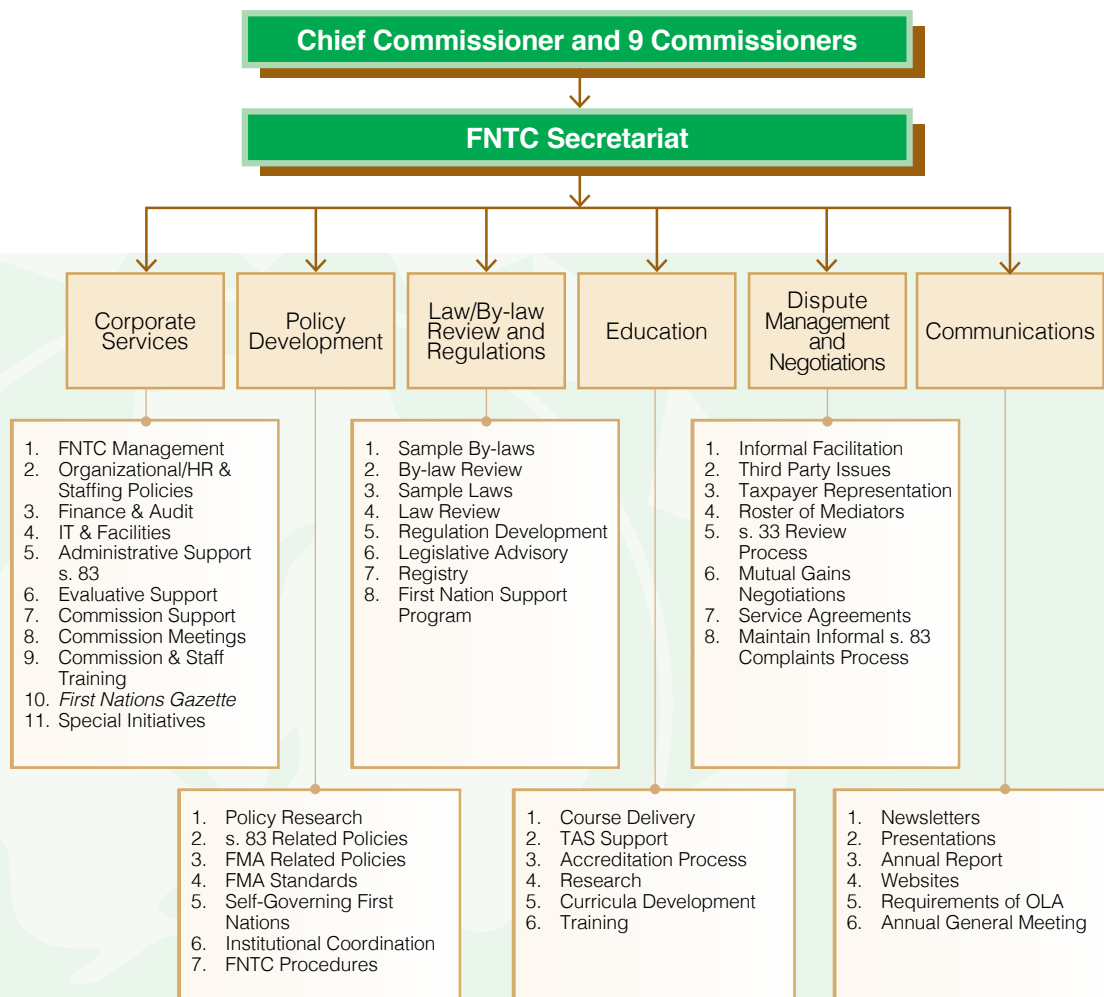
Committees consist of Commissioners only, or a mix of Commissioners, staff, and other professionals, as appropriate.

Pursuant to section 26 of the FMA, the FNTC maintains a head office on the reserve lands of the Tk'emlúps te Secwépemc and an office in the National Capital Region.

The FNTC is supported by a Secretariat with an allocation of twenty-one full time equivalents comprised of staff and professionals with expertise related to the FNTC mandate who assist the FNTC on a contract basis.

The FNTC operates six business lines, as illustrated below:

## Organizational Chart and Business Lines







# **Strategic Objectives and Measuring Performance 2016/2017**





## 2016/2017 Strategic Objectives and Measuring Performance

The FNTC sets out its strategic objectives and performance measures annually in its Corporate Plan. On the following page is a summary of the FNTC 2016/2017 objectives and its performance against each objective.

ACRONYMS	
ACRONYM	FULL NAME
ART	Aboriginal Resource Tax
ATIP	Access to Information and Privacy
CKSP	Chippewas of Kettle and Stony Point
CTS	Ch-ihl-kway-uhk Tribe Society
DCC	Development Cost Charge
EFN	Elsipogtog First Nation
FMA	<i>First Nations Fiscal Management Act</i>
FMB	First Nations Financial Management Board
FNG	<i>First Nations Gazette</i>
FNGST	First Nation Goods and Services Tax
FNPO	First Nation Property Ownership
FNTC	First Nations Tax Commission
HO	Head Office
INAC	Indigenous and Northern Affairs Canada
MA	Municipal Affairs
MOU	Memorandum of Understanding
NCR	National Capital Region
OLA	<i>Official Language Act</i>
PTT	Property Transfer Tax
SNTC	Shuswap Nation Tribal Council
SSN	Stk'emlupsemc te Secwepemc Nation
TAS	Tax Administration System
TLE	Treaty Land Entitlement
TRU	Thompson Rivers University



# Strategic Objectives and Measuring Performance



Corporate Services	
OBJECTIVES & ACTIVITIES	PERFORMANCE AGAINST OBJECTIVE
Annual Corporate Plan, work plan and financial plan produced and approved	Completed
Implementation plans for five year strategic and business plans developed	Completed
Capital requirements for HO and NCR managed	Ongoing
Commission and staff training opportunities provided	Completed
Special Examination	Completed
10 Commission meetings held	Completed
Administrative management and committee support provided	Ongoing
ATIP requirements and Info Source reporting requirements met	Ongoing
Special initiatives managed and advanced	Ongoing
Maori MOU implemented	Ongoing
First Nations Gazette managed including: <ul style="list-style-type: none"> <li>• Publication of First Nation laws, by-laws, notices, standards, sample laws/by-laws, financial statements and other materials</li> <li>• Fng.ca website maintained and updated</li> </ul>	Ongoing

Law/By-law Review and Regulations	
OBJECTIVES & ACTIVITIES	PERFORMANCE AGAINST OBJECTIVE
Four sample laws produced or modified	Completed
Support to 20 First Nations provided	Completed
168 FMA laws reviewed	Exceeded
Legislative amendments implemented	Ongoing
Manual revised/updated	Completed
50 by-laws reviewed	Exceeded
Registries maintained	Ongoing
Sample by-law(s) modified	Completed
Legal developments monitored	Ongoing

# Strategic Objectives and Measuring Performance



Communications	
OBJECTIVES & ACTIVITIES	PERFORMANCE AGAINST OBJECTIVE
Websites maintained	Ongoing
Newsletter published, email database maintained	Ongoing
Changes resulting from FMA amendments communicated	Completed
Local revenue expenditure workshop delivered	Completed
Presentations, materials developed/updated including special initiatives	Ongoing
Annual report published	Completed
AGM materials developed	Completed
OLA requirements met	Ongoing
Communications strategy implemented	Ongoing

Policy Development	
OBJECTIVES & ACTIVITIES	PERFORMANCE AGAINST OBJECTIVE
Three standards approved	Completed
Two s. 83 policies reviewed	Completed
Up to eight policies developed and research initiated	Completed/ Ongoing
Projects with other institutions Initiated or continued	Completed/ Ongoing
Property tax statistics reporting system implemented	Ongoing
Federal Pre-Budget Submission completed and submitted	Completed

Education	
OBJECTIVES & ACTIVITIES	PERFORMANCE AGAINST OBJECTIVE
Nine courses delivered	Ongoing
Workshops delivered	Completed
Curriculum retreat to review and update Tax Administration courses held	Completed
Course outlines / course materials developed	Completed
Course outlines/course materials for other accredited training in support of First Nation public administration	Ongoing
TAS support provided	Ongoing
Tulo Centre website maintained	Ongoing
Tulo Centre graduation and alumni supported	Completed
Tulo Centre supported in expanding its resources and capacity	Ongoing

Dispute Management and Negotiations	
OBJECTIVES & ACTIVITIES	PERFORMANCE AGAINST OBJECTIVE
Contracts for the provision of provincial assessment services to First Nations negotiated	Completed
Taxpayer relations systems developed and implemented	Ongoing
Service Agreements facilitated	Ongoing
Roster of mediators maintained	Roster Operational
Support services provided	Ongoing
Training managed	Completed
Intervene in property tax litigation where appropriate	Ongoing



# Corporate Services



## Corporate Services

The objective of the Corporate Services business line is to create an effective work environment for FNTC service areas, and to operate the FNTC and its Secretariat in keeping with the FMA Part 2, Part 6, and the Corporate Plan. Corporate Services is also responsible for the management of the *First Nations Gazette* and any special projects or initiatives that the FNTC undertakes.

In 2016/2017, Corporate Services continued to manage the administrative, human resource and capital infrastructure requirements for the FNTC. This work included organizing and planning Commission meetings, and ensuring that reporting and planning requirements under the FMA, *Access to Information Act*, *Privacy Act*, *Official Languages Act* and the *Canadian Multiculturalism Act* were met. The FNTC's information management systems continue to be improved and enhanced with the implementation of a Customer Resource Management (CRM) system, enhancements to the document management systems and data servers.

In 2016/2017, the FNG expanded its range of online services to include the publication of *Indian Act* s. 81 and s. 85.1 by-laws. In addition to the publication of these by-laws, the FNG continues to manage the publication of First Nation laws, by-laws, codes and public notices.

In 2016/2017, Corporate Services managed a number of special projects or initiatives including projects relating to Aboriginal Resource Tax, First Nations Goods and Services Tax (FNGST), Indigenous Land Title Initiative (ILTI), and a First Nations Infrastructure Institution.

### KEY ACCOMPLISHMENTS

**FNTC Meetings** – In 2016/2017, Corporate Services organized 14 Commission meetings, 17 s. 83 Rates Committee meetings, and one Annual General meeting. Special guest presentations at Commission meetings included Mr. Strater Crowfoot, Chief Executive Officer, Indian Oil and Gas Canada, and Mr. Colin Boutin, National Manager, Strategic Initiatives, Public Services and Procurement Canada. The Chief Commissioner also made presentations to the following: House of Commons Standing Committee on Indigenous and Northern Affairs,

National Aboriginal Economic Development Board, the Conference Board of Canada, Indian Oil and Gas Canada, Municipal Property Assessment Corporation, Canada Mortgage and Housing Corporation, and the Canadian Energy Pipeline Association.

**Operational Planning and Reporting** – Corporate Services is responsible for the development of the FNTC's corporate plans, financial plans and work plans as well as the development of FNTC's annual report and financial reports. The FNTC presented a five-year vision to INAC to guide the future development of the FNTC.

**Special Examination** – In 2016/2017, a special examination of the FNTC was undertaken by INAC. A requirement under the FMA, the special examination was carried out in respect of the institutions operations to determine if the books, records, systems and practices referred to in the FMA were maintained in a manner that met the requirements of the Act. The auditor found good practices in all areas examined. The results of the examination are available on the FNTC's website.

**Access to Information, Official Languages and Privacy Act Requirements** – Corporate Services ensured that the FNTC met all requirements under the *Access to Information Act*, the *Privacy Act*, and the *Official Languages Act*. All services and materials continue to be available in both English and French.

**Information Management System** – In 2016/2017, the FNTC completed development, testing and implementation of various technology projects intended to improve and enhance the efficiency and effectiveness of its operations. A Client Resource Management system was completed and implemented to enhance client relations and to support the law registration process, and email management systems. Enhancements were made to the FNTC's cloud-based network infrastructure and data management systems as well.



## Corporate Services



**Administrative Infrastructure** – Corporate Services manages the administrative and capital infrastructure requirements for the Head Office and the National Capital Region office of the FNTC. In 2016/2017 various projects were undertaken to improve or enhance administrative efficiencies including succession planning for key executives, development of briefing and orientation materials for Commissioners, updates to the Governance, Management, Travel and other policies for the FNTC, and continued training and professional development for staff.

**First Nations Gazette** – Corporate Services managed the operations of the *First Nations Gazette*, including the FNG.ca website and searchable database. Starting in 2017/2018, FNG operations will be placed under the Communications business line. The FNG provides free online access to a broad range of First Nations legislation including: First Nation FMA laws, *Indian Act* by-laws, *First Nation Land Management Act* land codes and other public notices. As the authoritative reference for First Nation law in Canada, ongoing enhancements to improve the operation and management of the **FNG.ca** website continues. In 2016/2017, the FNG published 305 First Nation laws and by-laws, 142 First Nation notices, as well as various policies, procedures and standards.

### Special Initiatives

Corporate Services manages the Special Initiatives to ensure proper resource management, administer management efficiencies and organize staff work plans and reports.

- **Aboriginal Resource Tax**

In 2016/2017, the FNTC continued to advance the concept, conducting research and policy development to support ART. There were three research projects completed including *The ART in the FMA Business Case*, *ART and a New Fiscal Relationship* and *ART and Infrastructure*. FNTC participated in 19 presentations and meetings with proponent and interested First Nations.

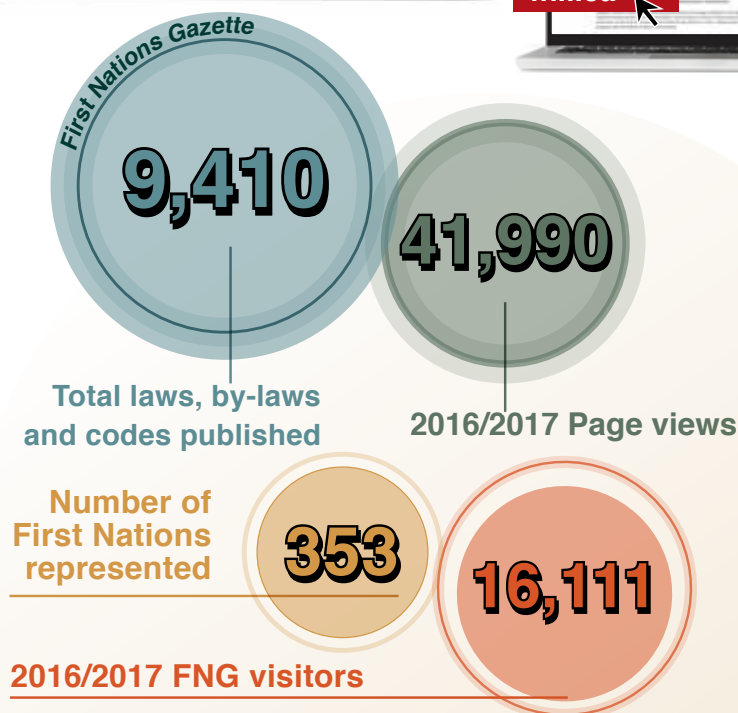
- **Indigenous Land Title Initiative.**

In 2016/2017, FNTC continued work with the ILTI proponent First Nations and participated in 13 presentations and meetings with the working group and to those who were interested in learning more

about this special initiative. The ILTI proposal document is in final draft. The focus of the work is now on regulatory development and development of a Land Title Registry. A website is maintained with background information and updates: **[www.ilti.ca](http://www.ilti.ca)**.

- **First Nation Infrastructure Institution**

In 2016/2017, the FNTC created a FNII working group with proponent First Nations to advance the concept. The FNTC completed two projects including *The Business Case for FNII* which compared Indigenous infrastructure processes to those of other governments and *Preliminary Design of FNII* which was based on the results of the business case. A website is maintained with background information and updates:







## Policy Development

The objective of the Policy Development business line is to develop and implement, through a transparent process, effective standards, and policies. These policies and standards support First Nation jurisdiction, reflect sound administrative practices, and increase First Nation, taxpayer, and investor confidence in the integrity of the First Nation local revenue system.

### KEY ACCOMPLISHMENTS

#### Standards

In 2016/2017, the Commission developed, sought public input on, and approved the following Standards:

##### *Standards for First Nation Accommodation Operator Business Activity Tax Laws, 2017*

These Standards apply to First Nation business activity tax laws that provide for a tax on business operators providing accommodation on reserve. While similar to accommodation taxes levied by provincial and local governments, the First Nation Accommodation Operator Business Activity Tax Law is distinguished by its application; it is a tax on the accommodation operator, and not on the consumer of accommodation.

The tax would be based on a rate (up to 5%) applied to the gross revenue of the business operator. Under the law, the business operator would be required by a specified date, to submit a tax return to the First Nation and the tax payment. The return would be subject to tax reassessment conducted by the tax administrator.

Where First Nations are including hotel properties as a part of their overall commercial development strategy, an accommodation/hotel tax provides potential for significant fiscal benefits.

##### *Standards for First Nation Quarry Operations Business Activity Tax Laws, 2016 (British Columbia)*

These Standards apply to business activity tax laws that provide for a tax on business operators undertaking quarry operations on reserves located in the Province of British Columbia. The Standards are intended to enable First Nations to establish a tax on quarry operators that is similar to the provincial quarry tax under BC's Mineral Tax Act. In BC, the quarry tax provisions set a tax rate of \$0.15 per tonne of quarry materials removed from a quarry. Among the quarry materials included are limestone, dolomite, marble, shale, clay and sandstone.

##### *Standards for First Nation Expenditure Laws*

Amendments to the Standards for First Nation Expenditure Laws dealt with changes to the interim budget requirement and the use of contingency reserve funds.

The interim budget requirement was introduced in 2012 to address a potential legislative gap in the authority for First Nations to expend local revenue throughout the budget year. An amendment to the Act (s. 13.1) which addressed the potential gap, received Royal Assent in 2015, and came into force in April 2016. Accordingly, the FNTC removed the interim budget requirements in the Standards.

Contingency reserve funds (CRFs) are intended to help governments remediate the adverse financial impact of unforeseen events and downturns in the economy. Several First Nations have established CRFs in their expenditure laws. Changes to the Standards, enabled First Nations to allocate up to 10% of the current year budget to the CRF, provided that the CRF does not exceed 50% of the current year budget.



# Policy Development



## *Standards for the Timing of First Nation Annual Rates and Expenditure Laws, 2016*

These Standards were established to replace federal regulations governing when First Nations must enact their annual laws. In April 2016, amendments to the FMA came into force which enabled the FNTC to establish Standards for the timing of First Nation annual laws. With the repeal of the First Nations Rates and Expenditure Law Timing Regulations, the FNTC standards effectively replaced the regulations.

Under the proposed Standards, First Nations are required to make their annual tax rates law and annual expenditure law before July 31 of the taxation year to which the annual tax rates law and annual expenditure law applies. This Standard does not alter the First Nation's obligation to make annual tax rate laws consistent with the date set out in its property taxation law. July 31 represents the date by which the vast majority of FMA First Nations have historically enacted their annual laws.

## *Standards Establishing Criteria for the Approval of First Nation Borrowing Laws, 2016*

These Standards were amended to increase debt-servicing limits to 40% for certain First Nations who have a significant non-residential tax base and modest local service costs. These changes reflect that some First Nations have significant and consistent annual revenue levels, and greater flexibility in servicing debt obligations.

Other amendments dealt with adjusting the borrowing capacity formula for local revenue derived from service taxes and payments in lieu of taxation.



## **Research and Policy Development**

The following research papers were among the policy initiatives carried out by the Commission:

### *Discussion Paper on the First Nations Fiscal Management Act Fees Power*

This paper examined the addition of the s. 5(1) (a.1) power for First Nation councils to make laws respecting the charging of fees. Based on the analysis of best practices, policy issues, and considerations, the paper makes several recommendations concerning costing, harmonization, fee rate setting, and management of fee revenues.

### *The FNGST Business Case for Expanding FMA Tax Jurisdictions and the FNTC Mandate*

This paper concludes that a single window Indigenous tax institution is the most efficient, credible, and effective method to provide services to interested First Nations. The FNTC institutional infrastructure is already in place. This proposal includes expanding services within existing FNTC business lines. The FNTC has been successful in helping First Nations (small and large) implement their tax jurisdiction.

### *Payments/Grants in Lieu of Taxation Research*

This study examined federal and provincial programs for payments/grants in lieu of taxation. Specifically, it examined over 100 federal properties on Indian reserves and their potential eligibility in the federal government's payment of lieu of taxation program. A research summary is available on the FNTC website [www.fntc.ca](http://www.fntc.ca).





# Law/By-law Review and Regulations



## Law/By-law Review and Regulations

The objective of the Law/By-law Review and Regulations business line is to support the FNTC's law and by-law review responsibilities under both the FMA and an MOU with the Minister of INAC. Further, it supports FNTC's advisory function in the development of FMA regulations that includes monitoring regulatory impacts and developing proposals.

In addition to law and by-law review responsibilities, the FNTC also provides support to First Nations interested in or actively involved in the law development process. A comprehensive suite of sample laws reflecting best practices and compliance with the FMA, the regulations and the Commission Standards have been developed to assist First Nations. The Law/By-law Review and Regulations business line continues to develop and update these sample laws and by-laws responding to new fiscal powers, regulatory amendments, and changes to FNTC Standards. Property tax presentations are provided to communities interested in implementing tax powers.

The Law/By-Law Review and Regulations business line revises and updates the law review manual, supports legislative amendments from the FMA Seven-Year Review, maintains the registry of First Nation laws and by-laws and monitors legal developments.

### KEY ACCOMPLISHMENTS

**Law Approval/By-law Review** – In 2016/2017, the FNTC reviewed and approved 206 FMA laws and recommended 66 by-laws for approval by the Minister of INAC.

### First Nation Law Development Support

The FNTC provides support and assists First Nations in the development of their FMA laws. For some First Nations, this involves replacing s. 83 by-laws and for others this involves developing new FMA laws. In 2016/2017, the FNTC worked with 31 First Nations to implement new or replacement FMA assessment and property taxation laws. The FNTC also provided law development support for new Property Transfer Tax Laws and Development Cost Charge Laws.

## Law Development

Sample Laws – Responding to new fiscal powers, regulatory amendments, and changes to the FNTC Standards, Law Review and Regulations developed or modified sample laws in the following law areas:

- Long Term Capital Borrowing
- Property Assessment
- Business Activity Tax (Business Occupancy)
- Business Activity Tax (Well Drilling)
- Business Activity Tax (Quarry Tax)
- First Nation Expenditures

**Section 83 By-Laws** – By-law Review and Regulations reviewed and developed draft changes to s. 83 sample by-laws to support transition from s. 83 property taxation to the FMA.

### Proposals for New FMA Amendments

FNTC continued its work to advance amendments to improve the FMA. These proposed changes include clarifying how First Nations can be removed from the FMA Schedule, the role of the FNTC in providing advice on “taxation matters”, and removing the “special levy” requirement for First Nations who are borrowing members with the FNFA.

Building on last year's work to establish property tax jurisdiction on jointly-held reserves, the Commission is also advancing two amendments that will enable it to address the issues identified respecting taxation on joint reserves and the delegation of local revenue law-making.

### FMA Regulations Supporting Treaty and Self-governing First Nations

– The FNTC continued its work with Treaty and Self-governing First Nations, other First Nation fiscal institutions, and the federal government to develop regulations under s. 141 of the FMA to enable them to access FMA jurisdictions and services.

# Communications



## Communications

The objective of the Communications business line is to promote the understanding of the First Nation real property taxation system, strengthen linkages with other organizations and governments, promote best practices, and facilitate access to local revenue options and tools.

In 2016/2017, Communications maintained and updated various FNTC websites; provided support for the communication of changes resulting from the amendments to the FMA; and, coordinated, developed and updated presentations and other communication materials to support other business lines and special initiatives. Communications also worked with Corporate Services to develop and publish the Annual Report, coordinate and develop materials for the Annual General Meeting, ensure that the FNTC continues to meet the *Official Languages Act* requirements and to implement the five-year communications strategy.

### KEY ACCOMPLISHMENTS

**Print Media** – Communications produced a variety of media for use at conferences, meetings and presentations. Communications also coordinated the production and publication of the quarterly *Clearing the Path* newsletters. The newsletter is distributed electronically, posted and archived on the website, and printed for distribution. The newsletter contains important bulletins and information for First Nation tax authorities and their taxpayers as well as community success stories, upcoming initiatives and current events.

**Presentations** – In 2016/2017, the FNTC provided 74 presentations to taxpayers, First Nations, governments and the public related to First Nation taxation, the FMA and First Nation economies. Highlights include:

#### *FMA Institutions Host Presentation at United Nations*

The FNTC, along with the First Nations Financial Management Board and First Nation Finance Authority hosted a side-event on May 12, 2016 at the United Nations, as part of the 15th session of the United Nations Permanent Forum on Indigenous issues: “A Successful Model of Indigenous Governance Through an Indigenous-led Institutional Framework.” The Permanent Forum on Indigenous Issues was attended by 292 organizations and 1,002 individuals (from Indigenous organizations and civil society). Over 100 countries were represented.

The 90-minute panel discussion was an opportunity to share the success of First Nations who supported the development of the FMA with the international community and to enhance the profile of the regime. It focused on three themes:

- The FMA is an example of a successful model of Indigenous governance.
- Asserting Indigenous jurisdiction leads to better economic development outcomes and improved social well-being.
- The FMA model can be replicated to support Indigenous self-sufficiency and greater self-reliance.

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### THE COMMISSION APPROVED 206 LOCAL REVENUE LAWS, BY TYPE:

82	Annual Rates Laws	1	Borrowing Agreement Law
83	Annual Expenditure Laws	1	Service Tax Law
18	Assessment Laws	1	Business Activity Tax Law (Well Drilling)
18	Taxation Laws	1	Long-term Capital Borrowing Law
1	Property Transfer Tax Law		



## Communications



Chief Commissioner Jules, Mr. Harold Calla (Executive Chair, FMB) and Mr. Ernie Daniels (President and CEO, FNFA) each made brief presentations followed by a question and answer session. The event served to position the work of the institutions within the global discourse on Indigenous economic development.

### ***FNTC Presentations to the Canadian Property Taxation Association***

FNTC made a presentation at a seminar organized by the BC Chapter of the Canadian Property Tax Association (CPTA). Held May 6, 2016 in Vancouver, the one-day session was attended by over 60 tax professionals, legal practitioners and assessment service providers. Among the assessment issues discussed were: highest/best use, restricted use, contaminated sites, and assessment on First Nations lands.

FNTC also provided a presentation to the National CPTA Annual Workshop on September 27, 2016. The session included a report on First Nations taxation, an overview of the legal framework, and a summary of FNTC rate setting standards and policies. The event was well received and served to enhance and complement FNTC's MOU and long-standing relationship with the association.

### ***Property Tax Jurisdiction Featured at the 17th Annual Aboriginal Financial Officers Association National Conference***

FNTC delivered a panel presentation on what finance managers should know about property taxes, co-presenting with Dalyn Bear, councillor for the Whitecap Dakota First Nation (WDFN) and Tulo Centre graduate.

The FNTC presentation reviewed the background of property taxation, the importance of taxation as a governance function, how the FMA works, how FNTC supports the process and then focused specifically on how the local revenue account is managed.

Dalyn Bear spoke to how property taxation has supported the economic growth and governance of the Whitecap Dakota First Nation and how property taxation has benefited his community and the people that live there.

First Nations Tax Commission  
Commission de la fiscalité des premières nations

**First Nations are moving jurisdiction forward**  
*Les Premières nations promeuvent leur compétence*

**AND CREATING PROSPEROUS COMMUNITIES**  
*ET CRÉENT DES COMMUNAUTÉS PROSPÈRES*

[www.fntc.ca](http://www.fntc.ca)

# Education



## Education

The Education business line promotes an understanding of the real property taxation systems of First Nations, develops training programs for First Nation real property tax administrators, and builds capacity in First Nations to administer their taxation systems.

The FNTC works with the Tulo Centre of Indigenous Economics and Thompson Rivers University (TRU) to support the delivery of courses from the *Certificate in First Nation Tax Administration* and the *Certificate in First Nation Applied Economics*.

In 2016/2017 Education and the Tulo Centre delivered nine accredited courses of the *Certificate in First Nation Tax Administration* program and the *Certificate in Applied Economics program*. Curriculum in the *Certificate in First Nation Tax Administration* courses were updated to reflect the changes to the FMA. Education also provided support for the Tax Administration System including training for tax administrators to use the system.

Certificate in First Nation  
Tax Administration:  
**38 Students**



Certificate in First Nation  
Applied Economics:  
**12 Students**



Delivered  
**9 Courses**



First Nation  
Workshops:  
**48 Participants**

7 Tax Administration courses,  
2 Applied Economics courses

## KEY ACCOMPLISHMENTS

### Course Delivery

The *Certificate in First Nation Tax Administration* provides the knowledge and skills needed to design and operate a taxation system using the powers outlined in the *First Nations Fiscal Management Act*. It examines how First Nation government tax policies can be used to promote economic development and finance and build infrastructure. The program pays attention to communicating tax policies and laws to Chiefs and Councils and taxpayers. Seven courses were delivered in the *Certificate in First Nation Tax Administration* program to 38 students. The *Certificate in First Nation Applied Economics* provides foundational knowledge and skills to assist in the development of First Nation economic infrastructure, in particular the residential and commercial developments. Two courses were delivered in the *Certificate in First Nation Applied Economics* program to 12 students.





# Education



## Workshop Series

The one-day workshop *Maximizing the Community Benefits from Treaty Land Entitlements and Additions to Reserve* workshop was delivered for First Nations in Saskatchewan. There were 40 participants including representatives from Carry The Kettle First Nation, Flying Dust First Nation, Gamblers First Nation, George Gordon First Nation, Little Pine First Nation, Mistawasis First Nation, Moosomin First Nation, Mosquito First Nation, Ochapowace First Nation, Pasqua First Nation, Pheasant Rump First Nation, Sakimay First Nation, The Key First Nation and Thunderchild First Nation. Workshop topics included Treaty Land Entitlement background and potential, relationship between services agreements and TLEs, benefits of tax-based service agreements and asserting FMA tax jurisdiction.

The one-day workshop *Restoring First Nation Tax Jurisdiction through the FMA* was delivered for First Nations in Ontario. There were eight participants including representatives from Curve Lake First Nation, Garden River First Nation, Scugog First Nation, Dokis First Nation, Wasauksing First Nation and Georgina Island First Nation. Workshop topics included the history of First Nation property taxation in Ontario, how to implement property taxation and transitioning from service fees to taxation.

The two-day workshop *Mutual Gains Negotiations* was delivered for First Nations in the Atlantic region. There were 18 participants including representatives from New Brunswick: Eel River Bar, Esgenoôpetitj, Metepenagiag, Tobique, Madawaska, St Mary's, Woodstock, Elsipogtog, Oromocto and from Nova Scotia: Membertou, Eskasoni and Sipekne'katik. The objective of the Atlantic workshop was to provide communities with a background on interest based negotiations that will be helpful when negotiations on tax jurisdiction are undertaken. The workshop material was developed in partnership between the FNTC and its partner, Harvard - MIT Consensus Building Institute (CBI).

## Supporting Communities

### **Shackan Indian Band: Community Planning**

Heather Fader, Tulo Centre student, is the Tax Administrator for Shackan Indian Band, near Merritt BC. When asked about her experience with the Tulo Centre, Heather Fader said, *"Going through the certificate program has taught me so much more than I originally thought possible. Shackan has been working on developing strategic goals, building economic development opportunities, creating own source revenue and the course content helped put the critical pieces in place to build a solid foundation to achieve our community's long-term goals."*

### **Williams Lake Indian Band: Gaining Confidence**

Gailene Williams, Tulo Centre student, is the Tax Administrator for Williams Lake Indian Band in BC. When asked about how the Tulo Centre program helped her work, Gailene Williams said, *"Many communities are beginning to realize taxation is the key to a better life. It isn't something we should fear, but a way to create a better future. Managing taxation wisely for the nation requires education and practical training. To succeed, nations need a thorough knowledge of the ins and outs of the First Nations Fiscal Management Act and members who understand the band's vision. Being part of the Tulo experience has given me a broader outlook on the benefits of taxation and a properly running tax administration program and made me more confident in both the administration and education of taxation for WLIB."*



# Education



## Tax Administration System

The Tax Administration System (TAS) is an innovative cloud-based internet application that assists tax administrators through the annual cycle of property taxation, including setting tax rates, printing tax notices, and managing payment collection. It can be integrated with First Nations accounting software. It is available for all First Nation tax administrations in BC and Alberta and is being developed for use in Saskatchewan, Manitoba, Ontario, and Nova Scotia.

BC Assessment now uses TAS as its mechanism for the distribution of all assessment rolls to its BC First Nation clients. The decision reflects the confidence BCA has developed after working with the TAS group during the 2016 tax year.

In 2016/2017, in addition to the regular webinar tutorial sessions, TAS developed a new teaching module specifically for use in the Tulo Centre classroom that was based on feedback from Tax Administrators. The new teaching module was designed to take the students step-by-step through the entire process with test information built in. The students gained experience in importing assessment data, updating the budget, setting tax rates, creating tax notices and processing payments.



## Tulo Centre Facility

Demand is rising for First Nation public sector training to implement jurisdictions. The Tulo Centre develops and delivers original accredited training to First Nation administrations to support Indigenous jurisdictions in taxation, applied economics, fiscal relationships and public finance. It provides workshops to First Nation leaders, communities, and federal public servants about overcoming barriers related to economic development, taxation, service agreements, infrastructure, land management, and additions to reserves. It reduces jurisdictional switching costs for both federal and Indigenous governments.

The FNTC has been working with the Tulo Centre on a long-term strategy to expand their course offerings and provide more First Nations with increased access to Tulo training courses and workshops. This expansion includes plans to build an independent facility to house the Tulo Centre including classroom space, conference space, office space and a research/resource centre.





# Dispute Management and Negotiations



## Dispute Management and Negotiations

The objective of Dispute Management and Negotiations is to support negotiations related to the implementation of First Nations property taxation and to prevent disputes or facilitate the timely resolution of disputes in relation to the application of local revenue laws/by-laws.

In 2016/2017, Dispute Management continued to respond to inquiries from taxpayers and First Nations and provided facilitation services related to assessments, tax rates, services and service agreements.

### KEY ACCOMPLISHMENTS

#### Facilitation Requests

Dispute Management responded to a number of facilitation requests to support negotiations or resolve disputes related to the FMA or s. 83 of the *Indian Act*. The requests included service agreement support and addressing on-reserve taxpayer inquiries.

#### Service Agreements

The FNTC continues to facilitate service agreements between First Nations and local governments on request. There has been significant activity in Saskatchewan with the FNTC providing support for three separate service agreement negotiations. Each of the three First Nations are looking to expand services to support their economic development. FNTC's workshop 'Maximizing the Community Benefits from TLEs and ATRs' held in Saskatoon also included topics on the benefits of having service agreements. In Manitoba, FNTC is providing service agreement negotiation support, including assistance with the development of a model agreement for use by a First Nation and local government who are engaged in implementing land acquisition through Treaty Land Entitlement (TLE) and requiring services from a major urban centre. One additional First Nation in Manitoba is planning on expanding economic development in a regional trading area and has requested FNTC support in service agreement negotiations.

## Negotiations

- Pooled Borrowing for BC Treaty First Nations – The FNTC continues to participate in the development of Regulations to enable Treaty First Nations to access pooled borrowing under the FMA. The issues involved in the alignment of a delegated provincial tax system for the modern Treaty First Nations in BC with the First Nation jurisdiction system under the FMA are legally and politically complex. However, there is commitment by all parties to make this happen.
- Treaty First Nations and the FMA – BC First Nations currently in treaty discussions are showing a renewed interest in exploring the FMA as an alternative taxation and financing model going forward. The approach would see the First Nations retain their relationship post treaty under federal authority. The discussion around the use of s. 91.24 vs. s. 92.1 is expanding and the FNTC convened a meeting on this matter with interested First Nations.
- Negotiations Training – FNTC provided training in negotiations to a number of First Nations in three separate workshops during this fiscal year. Working with the Tulo Centre and the Consensus Building Institute (CBI), events were held in Saskatoon, SK, Rama, ON and Moncton, NB. The objective of the Atlantic workshop was to provide communities with a background on interest based negotiations that will be helpful when negotiations on tax jurisdiction are undertaken.



# Dispute Management and Negotiations



## Assessment Authority Services

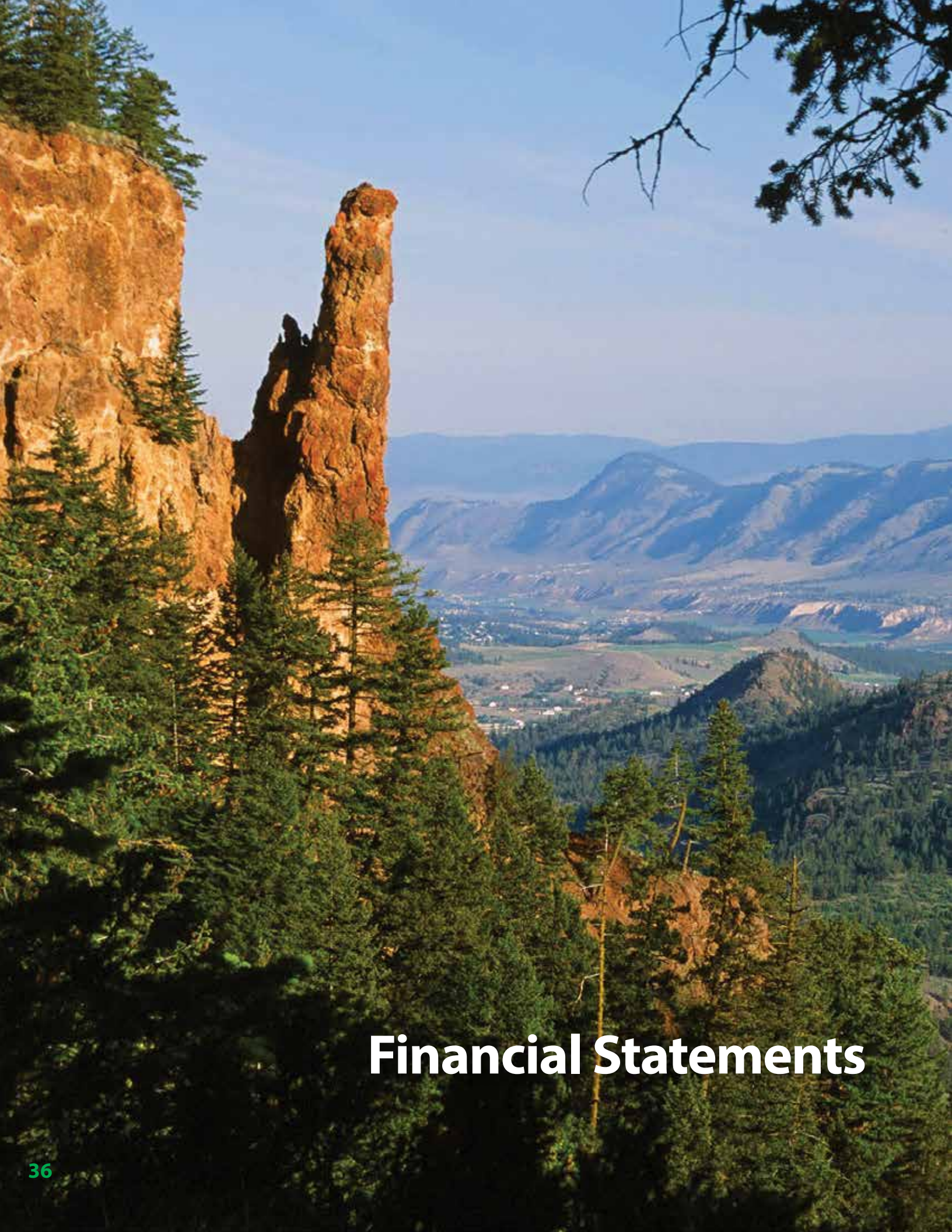
- British Columbia – BC Assessment agreed to use TAS cloud as its mechanism for the distribution of all assessment rolls to its BC First Nation clients.
- Ontario – Municipal Property Assessment Corporation (MPAC) has completed assessments for the Chippewas of Kettle and Stony Point (CKSPFN) for the 2016 taxation year. CKSPFN and MPAC entered into an assessment services agreement on April 22, 2016. Under the terms of the agreement, MPAC will provide a full range of services including: providing notices of assessment inspection; completing an annual assessment roll; providing assessment data to the First Nation for the preparation of assessment notices; responding to requests for reconsideration; defending the assessment roll, notifying appellants of Assessment Review Board decisions; and amending the assessment roll in accordance with the CKSPFN Assessment Law.
- New Brunswick – Service New Brunswick has completed its first year of assessment services to New Brunswick First Nation tax authorities. Service New Brunswick entered into an agreement with two New Brunswick First Nations for the provision of services. The long negotiation for assessment services for New Brunswick First Nations has successfully ended and the province is preparing to make an announcement as it takes pride in the new working relationship it has developed. The success in this project is the result of 10 years of work and the persistence, commitment and partnership of many individuals who stepped forward to make this happen.

**Roster of Mediators** – The FNTC continues to maintain the roster of qualified mediators and provides training opportunities for mediators listed on the roster.

**Litigation Monitoring and Intervention** – The FNTC continues to monitor and respond to legal challenges to the First Nations tax system and, where appropriate, intervenes.







# Financial Statements





# First Nations Tax Commission Financial Statements

For the year ended March 31, 2017

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## Management's Responsibility for Financial Reporting

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The accompanying financial statements of the First Nations Tax Commission ("FNTC") are the responsibility of management and have been presented to the Commission for its acceptance.

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles for public sector accounting. Financial statements are not precise since they include certain amounts based on estimates and judgments. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.

The FNTC maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that FNTC's assets are appropriately accounted for and adequately safeguarded.

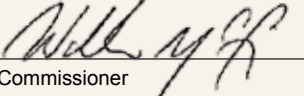
The FNTC is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Commission carries out this responsibility principally through its Audit Committee.

The Commissioners review the FNTC's financial statements and recommend their approval. The Audit Committee meets periodically with management, as well as external auditors, to discuss internal controls over the financial reporting issues, to satisfy themselves that each party is properly discharging their responsibilities, and to review the annual report, the financial statements and the external auditor's report. The Commission takes this information into consideration when approving the financial statements. The Commission also considers the engagement of the external auditors.

The financial statements have been audited by BDO Canada LLP in accordance with Canadian generally accepted auditing standards on behalf of the Commission. BDO Canada LLP has full access to the Commission.



Chief Commissioner



Commissioner



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## Independent Auditor's Report

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### To the Commissioners of the First Nations Tax Commission

We have audited the accompanying financial statements of the First Nations Tax Commission ("FNTC") as at March 31, 2017, which comprise the statement of financial position and the statements of change in net financial assets, financial activities, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with Canadian generally accepted accounting principles for public sector accounting, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the FNTC as at March 31, 2017 and the results of its operations, change in net financial assets and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for public sector accounting. The quantitative information is accurate in all material respects and was prepared on a basis consistent with that of the preceding year. The transactions of the institution that have come to our notice in the course of this examination were carried out in accordance with the *First Nations Fiscal Management Act*.

*BDO Canada LLP*

Chartered Professional Accountants

Kamloops, British Columbia  
June 29, 2017

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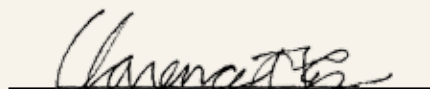


## First Nations Tax Commission Statement of Financial Position

As at March 31	2017	2016
<b>Financial Assets</b>		
Cash (Note 3)	\$ 2,469,066	\$ 2,620,508
Accounts receivable (Note 4)	73,987	96,518
	<u>2,543,053</u>	<u>2,717,026</u>
<b>Liabilities</b>		
Accounts payable (Note 5)	762,793	824,064
Contracts payable (Note 6)	1,609,100	1,744,463
	<u>2,371,893</u>	<u>2,568,527</u>
<b>Net financial assets</b>	<u>171,160</u>	<u>148,499</u>
<b>Non-financial Assets</b>		
Prepaid expenses	42,575	36,447
Tangible capital assets (Note 7)	277,558	307,619
	<u>320,133</u>	<u>344,066</u>
<b>Accumulated Surplus</b> (Note 11)	\$ 491,293	\$ 492,565

Approved on behalf of the Commission:

Chief Commissioner:



Commissioner:



The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## First Nations Tax Commission Statement of Change in Net Financial Assets

For the year ended March 31	Financial plan	2017	2016
<b>Annual deficit</b>	\$ -	\$ (1,271)	\$ (943)
Acquisition of tangible capital assets	-	(178,750)	(321,848)
Amortization of tangible capital assets	-	208,810	180,896
	-	<u>28,789</u>	<u>(141,895)</u>
Acquisition of prepaid expenses	-	(6,128)	(8,392)
<b>Net change in net financial assets</b>	-	22,661	(150,287)
<b>Net financial assets</b> , beginning of year	148,499	148,499	298,786
<b>Net financial assets</b> , end of year	\$ 148,499	\$ 171,160	\$ 148,499

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## First Nations Tax Commission

### Statement of Financial Activities

For the year ended March 31	Financial plan	2017	2016
<b>Revenue</b>			
Corporate Plan	\$ 6,010,000	\$ 6,019,222	\$ 6,059,407
Indigenous Land Title Initiative	250,560	250,560	367,200
Research: Aboriginal Resource Tax	326,160	326,160	99,792
Research: First Nations Infrastructure Institution	418,932	418,932	-
National Meeting and Tulo Centre Workshops	101,608	101,608	-
Research: One Window Service	44,231	44,231	-
Tulo Certificate in FNALM*	54,600	54,600	-
Tulo Long Term Strategy	35,532	35,532	-
Research and Other Special Projects	-	-	269,902
	7,241,623	7,250,845	6,796,301
<b>Expenses</b>			
Corporate Plan	6,010,000	6,020,493	6,060,350
Indigenous Land Title Initiative	250,560	250,560	367,200
Research: Aboriginal Resource Tax	326,160	326,160	99,792
Research: First Nations Infrastructure Institution	418,932	418,932	-
National Meeting and Tulo Centre Workshops	101,608	101,608	-
Research: One Window Service	44,231	44,231	-
Tulo Certificate in FNALM*	54,600	54,600	-
Tulo Long Term Strategy	35,532	35,532	-
Research and Other Special Projects	-	-	269,902
	7,241,623	7,252,116	6,797,244
<b>Annual deficit</b>	-	(1,271)	(943)
<b>Accumulated surplus, beginning of year</b>	492,563	492,563	493,506
<b>Accumulated surplus, end of year</b>	\$ 492,563	\$ 491,292	\$ 492,563

\* FNALM - First Nations Applied Land Management

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

## First Nations Tax Commission

### Statement of Cash Flows

For the year ended March 31	2017	2016
<b>Operating activities</b>		
Annual deficit	\$ (1,271)	\$ (943)
Items not involving cash		
Amortization	208,810	180,896
Changes in non-cash operating balances		
Accounts receivable	22,531	(19,213)
Prepaid expenses	(6,128)	(8,393)
Accounts payable and contracts payable	(196,634)	494,001
<b>Cash flows from operating activities</b>	27,308	646,348
<b>Capital activity</b>		
Purchase of tangible capital assets	(178,750)	(321,848)
<b>Net (decrease) increase in cash</b>	(151,442)	324,500
<b>Cash, beginning of year</b>	2,620,508	2,296,008
<b>Cash, end of year</b>	\$ 2,469,066	\$ 2,620,508

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.



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## First Nations Tax Commission Notes to Financial Statements

March 31, 2017

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### 1. Significant Accounting Policies

#### Accounting Principles

The First Nations Tax Commission ("FNTC") prepares its financial statements in accordance with Canadian generally accepted accounting principles for public sector entities.

#### Revenue Recognition

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized if the amount to be received can be reasonably estimated and collection is reasonably assured. Interest and other income are recognized as revenue when earned.

No restricted contributions were received during the year.

#### Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts directly attributable to acquisition, development or retirement of the asset. Proceeds on disposal of tangible capital assets are recorded as revenue in the appropriate program.

The cost less residual value of the tangible capital assets are amortized using the straight line method with no half year rule at the following annual rates, which approximates the useful life of the assets:

<u>Asset</u>	<u>Rate</u>
Equipment	3 years
Furniture and fixtures	3 years
Leasehold improvements	5 years

#### Government Transfers

Government transfers are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amount can be made.

#### Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### Segmented Information

The FNTC has a head office on the reserve lands of the Tk'emlups te Secwepemc and an office in the National Capital Region. Distinguishable functional segments have been separately disclosed in the segmented information. The nature of the segments and the activities they encompass are as follows:

##### Commission Services

FNTC has a Chief Commissioner and eight Commissioners appointed by the Governor-in-Council and one Commissioner appointed by the Native Law Centre of Canada at the University of Saskatchewan. The Commission Services business line includes the operational and support costs of the Chief Commissioner and the Commissioners.

**March 31, 2017**

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**1. Significant Accounting Policies (continued)**

Communications

The Communications business line promotes the understanding of First Nation real property taxation systems and communicates policy initiatives for the Commission through the publication of a quarterly newsletter, meetings and presentations to First Nations, attending and hosting professional conferences, preparing and distributing the FNTC annual report, developing and maintaining internet websites, and preparing and distributing marketing materials.

Corporate Services

The Corporate Services business line provides financial, human resources, insurance, audit and administrative services to FNTC and is responsible for meeting corporate planning and reporting requirements as well as coordinating the annual general meeting and commission meetings. Corporate Services also has a lead role in meeting *Access to Information Act*, *Privacy Act* and *Official Language Act* requirements, corporate policy development and implementation, and providing management and support to meeting *First Nations Fiscal Management Act* ("FMA") administrative requirements.

Dispute Management and Negotiations

The objective of the Dispute Management and Negotiations business line is to prevent or provide for the timely resolution of disputes in relation to the application of FMA laws as well as to provide education, training and facilitation services to First Nation tax authorities as requested. Dispute Management and Negotiations supports and manages the review of complaints.

Education

The Education business line promotes understanding of the real property taxation systems of First Nations, through public education, through the development of training programs for First Nation property tax administrators, and through the development of administrative tools to assist those First Nations.

First Nations Gazette

The Gazette business line manages the publication and distribution of the *First Nations Gazette* in conjunction with the Native Law Centre. The *First Nations Gazette* publishes First Nations laws, by-laws, sample laws, and notices under the FMA and the *Indian Act* through an online website, [www.fng.ca](http://www.fng.ca).

Law/By-law Review and Regulations

The Law/By-law Review and Regulations business line reviews local revenue laws to ensure that they comply with the FMA and the associated regulatory framework and also provides support to First Nations in the law development process. The Law/By-law Review and Regulations business line also develops sample laws under the FMA and by-laws under s. 83 of the *Indian Act*. The Law/By-law Review and Regulations business line reviews and liaises with Indigenous and Northern Affairs Canada ("INAC") on the approval of s. 83 by-laws and maintains a registry for both s. 83 by-laws and FMA laws.

Policy Development

The Policy Development business line develops and implements policies and standards to support administrative practices to increase First Nation, taxpayer, and investor confidence and certainty in the integrity of the First Nation local revenue system.

Research & Other Special Projects

The FNTC undertakes other special projects in support of its Corporate Plan activities and mandate under the FMA.



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## First Nations Tax Commission Notes to Financial Statements

March 31, 2017

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### 2. Nature of Operations

The FNTC is a national shared governance institution with a head office on the reserve lands of the Tk'emlups te Secwepemc at Kamloops, BC and an office in Ottawa, ON. Its mission is to help First Nation governments build and maintain fair and efficient First Nation property tax regimes, and to ensure those First Nation communities, and their taxpayers alike, receive the maximum benefit from those systems. FNTC was created through passage of the *First Nations Fiscal Management Act*.

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### 3. Cash

Cash is held in one Canadian Chartered Bank and earns interest at the current prevailing rate for business accounts. Canada Deposit Insurance Corporation ("CDIC") insures these deposits to the extent of \$100,000 per Canadian resident.

The Commission has an unused credit facility agreement with Royal Bank of Canada which establishes an operating line with a credit limit of \$500,000. Interest is payable at the bank's prime rate plus 1.0%.

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### 4. Accounts Receivable

	2017	2016
Goods and Services/Harmonized Sales Tax Rebates receivable	\$ 57,804	\$ 55,107
Other	16,183	41,411
	<u>\$ 73,987</u>	<u>\$ 96,518</u>

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### 5. Accounts Payable

The FNTC is the sponsor of an employee benefit plan. Included in accounts payable at March 31, 2017 is \$475,626 (2016 - \$457,672) of accrued benefits payable based on an actuarial report dated April 6, 2016.

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### 6. Contracts Payable

The FNTC has committed funds by contract for work designated in the approved corporate plan or through specific amendments to its funding arrangement. The terms of these contracts vary in length due to the nature of the services being provided and are subject to change due to changes in federal government directives and initiatives, which can result in a redirection of resources. As at March 31, 2017, all accrued amounts are planned for completion as part of current funded initiatives.

## First Nations Tax Commission Notes to Financial Statements

March 31, 2017

### 7. Tangible Capital Assets

	2017			2016		
	Leasehold Improvements	Equipment, Furniture & Fixtures	Total	Leasehold Improvements	Equipment, Furniture & Fixtures	Total
Cost, beginning of year	\$ 417,081	\$ 1,929,744	\$ 2,346,825	\$ 239,789	\$ 1,785,188	\$ 2,024,977
Additions	28,730	150,020	178,750	177,292	144,556	321,848
Disposals	-	(941,110)	(941,110)	-	-	-
Cost, end of year	445,811	1,138,654	1,584,465	417,081	1,929,744	2,346,825
Accumulated amortization, beginning of year	264,670	1,774,537	2,039,207	218,635	1,639,675	1,858,310
Accumulated amortization of assets disposed of	-	(941,110)	(941,110)	-	-	-
Amortization	51,781	157,029	208,810	46,035	134,861	180,896
Accumulated amortization, end of year	316,451	990,456	1,306,907	264,670	1,774,536	2,039,206
Net carrying amount, end of year	\$ 129,360	\$ 148,198	\$ 277,558	\$ 152,411	\$ 155,208	\$ 307,619

### 8. Economic Dependence

FNTC receives substantially all of its revenue pursuant to a funding arrangement with the Government of Canada. In addition to the Government's funding of \$6,000,000 (2016 - \$5,995,160) for Corporate Plan activities, contributions by the Government and through other income are necessary for the FNTC to undertake specific research and policy development initiatives.

### 9. Financial Instruments

As part of the FNTC operations, the FNTC holds various financial instruments, consisting of cash and accounts receivable. The nature of these instruments and the FNTC's operations expose the FNTC to credit risk.

### 10. Commitments

FNTC entered into an operating lease for its premises in Ottawa, ON. The office is leased at base rent of \$3,177 plus additional rent and parking for a total commitment per month of \$6,843 plus applicable taxes under a lease expiring in March 2018.

FNTC entered into an operating lease for its premises in Kamloops, BC. The office is leased at basic rent of \$4,922 per month plus additional rent (currently estimated at \$1,400 per month) plus applicable taxes under a lease expiring in March 2018.



## First Nations Tax Commission Notes to Financial Statements

March 31, 2017

### 10. Commitments (continued)

FNTC has entered into various operating leases for equipment and network service to be used in their offices. The monetary range of these lease agreements is \$371 - \$1,706 per month plus applicable taxes with lease expiration dates ranging from July 2019 - February 2020.

The minimum annual lease payments for the next three years are as follows:

2018	\$	166,301
2019		8,307
2020		3,066
	\$	<u>177,674</u>

### 11. Accumulated Surplus

The Commission segregates its accumulated surplus in the following categories:

	2017		2016
Investment in tangible capital assets	\$ 277,558	\$	307,619
Operational surplus	<u>213,735</u>		<u>184,946</u>
	<u>\$ 491,293</u>	\$	<u>492,565</u>

The investment in tangible capital assets represents amounts already spent and invested in equipment and leasehold improvements.

### 12. Statements of Expenditures by Object

	2017		2016
Amortization	\$ 208,810	\$	180,897
Goods and services	4,562,981		4,271,511
Salaries and honorarium	<u>2,480,325</u>		<u>2,344,836</u>
	<u>\$ 7,252,116</u>	\$	<u>6,797,244</u>

### 13. Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

## First Nations Tax Commission Notes to Financial Statements

**March 31, 2017**

### 14. Segmented Information

For the year ended March 31, 2017	Commission Services	Communications	Corporate Services	Dispute Management and Negotiations	Education	First Nations Gazette	Law/By-Law Review and Regulations	Policy Development	Research & Other Special Projects	2017 Total
<b>Revenue</b>										
Government of Canada	\$ 893,085	\$ 734,777	\$ 1,267,130	\$ 248,585	\$ 596,853	\$ 145,238	\$ 1,330,421	\$ 783,911	\$ 1,231,623	\$ 7,231,623
Interest	-	-	19,222	-	-	-	-	-	-	19,222
	893,085	734,777	1,286,352	248,585	596,853	145,238	1,330,421	783,911	1,231,623	7,250,845
<b>Expenses</b>										
Salaries and honoraria	607,352	230,440	481,030	62,322	201,149	-	580,239	317,793	-	2,480,325
Goods and services	194,527	452,825	783,522	138,645	418,740	174,203	782,218	386,678	1,231,623	4,562,981
Amortization	11,200	17,461	140,598	-	19,919	4,000	8,677	6,955	-	208,810
	813,079	700,726	1,405,150	200,967	639,808	178,203	1,371,134	711,426	1,231,623	7,252,116
<b>Net surplus (deficit)</b>	\$ 80,006	\$ 34,051	\$ (118,798)	\$ 47,618	\$ (42,955)	\$ (32,965)	\$ (40,713)	\$ 72,485	\$ -	\$ (1,271)

For the year ended March 31, 2016	Commission Services	Communications	Corporate Services	Dispute Management and Negotiations	Education	First Nations Gazette	Law/By-Law Review and Regulations	Policy Development	Research & Other Special Projects	2016 Total
<b>Revenue</b>										
Government of Canada	\$ 896,703	\$ 720,238	\$ 1,285,571	\$ 247,941	\$ 539,979	\$ 186,115	\$ 1,340,901	\$ 777,712	\$ 736,894	\$ 6,732,054
Government of Canada Recoveries	-	-	(473)	-	-	-	-	-	-	(473)
Interest	-	-	18,980	-	-	-	-	-	-	18,980
Other Income	-	-	-	-	45,740	-	-	-	-	45,740
	896,703	720,238	1,304,078	247,941	585,719	186,115	1,340,901	777,712	736,894	6,796,301
<b>Expenses</b>										
Salaries and honoraria	589,419	156,283	460,947	60,426	141,397	-	614,204	322,160	-	2,344,836
Goods and services	306,607	559,430	651,004	107,029	423,106	153,191	848,779	485,471	736,894	4,271,511
Amortization	12,122	15,000	120,838	-	18,006	4,000	7,017	3,914	-	180,897
	908,148	730,713	1,232,789	167,455	582,509	157,191	1,470,000	811,545	736,894	6,797,244
<b>Net surplus (deficit)</b>	\$ (11,445)	\$ (10,475)	\$ 71,289	\$ 80,486	\$ 3,210	\$ 28,924	\$ (129,099)	\$ (33,833)	\$ -	\$ (943)





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## Notice to Reader

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On the basis of information provided by management, we have compiled the schedules for various programs of the First Nations Tax Commission for the ended March 31, 2017.

We have not performed an audit or a review engagement in respect of this financial information and, accordingly, we express no assurance thereon.

Readers are cautioned that these statements may not be appropriate for their purposes.

*BDO Canada LLP*

Chartered Professional Accountants

Kamloops, British Columbia  
June 29, 2017

## First Nations Tax Commission

### Schedule 1 - Corporate Plan (Unaudited)

For the year ended March 31	Financial plan	2017	2016
<b>Revenue</b>			
Government of Canada	\$ 6,000,000	\$ 6,000,000	\$ 5,995,160
Government of Canada prior year recovery	-	-	(473)
Interest and other income	10,000	19,222	64,720
	6,010,000	6,019,222	6,059,407
<b>Expenses</b>			
Commission Services	893,085	813,079	908,148
Communications	734,777	700,727	730,713
Corporate Services	1,277,130	1,405,149	1,232,789
Dispute Management and Negotiations	248,585	200,967	167,455
Education	596,853	639,808	582,509
First Nations Gazette	145,238	178,203	157,191
Law/By-law Review and Regulations	1,330,421	1,371,134	1,470,000
Policy Development	783,911	711,426	811,545
	6,010,000	6,020,493	6,060,350
<b>Deficiency of revenues over expenditures</b>	\$ -	\$ (1,271)	\$ (943)

## First Nations Tax Commission

### Schedule 2 - Indigenous Land Title Initiative (Unaudited)

For the year ended March 31	Financial plan	2017	2016
<b>Revenue</b>			
Government of Canada	\$ 250,560	\$ 250,560	\$ 367,200
<b>Expenses</b>			
TDP* Finalization and Communication Materials	62,000	80,318	83,008
Torrens System and Modernization Option	56,000	68,457	-
Ready to Use Legal Framework Completion	114,000	85,153	-
Coordination and Strategic Planning	18,560	16,632	27,200
Regulation Development	-	-	51,259
Communications Draft	-	-	60,028
Communications Materials	-	-	74,614
Communications Draft and Materials Review	-	-	71,091
	250,560	250,560	367,200
<b>Excess of revenues over expenditures</b>	\$ -	\$ -	\$ -

\*TDP - Technical Discussion Paper

**First Nations Tax Commission**  
**Schedule 3 - Research: Aboriginal Resource Tax**  
**(Unaudited)**

<b>For the year ended March 31</b>	<b>Financial plan</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Government of Canada	\$ 326,160	\$ 326,160	\$ 99,792
<b>Expenses</b>			
First Nations Communications and Support	61,500	65,533	18,900
Policy Development	64,500	73,899	-
FMA Business Case	24,800	17,220	-
Pipeline and Other Resource Design	34,000	47,844	-
On Reserve Energy and Mining Options	54,000	24,525	-
Nation-to-Nation & New Fiscal Relationship Support	63,200	72,979	-
Administration	24,160	24,160	7,392
Government Communications	-	-	11,700
Accommodation Option Development	-	-	24,000
Specific Aboriginal Resource Tax Design	-	-	37,800
	326,160	326,160	99,792
<b>Excess of revenues over expenditures</b>	\$ -	\$ -	\$ -

**First Nations Tax Commission**  
**Schedule 4 - Research: First Nations Infrastructure Institution**  
**(Unaudited)**

<b>For the year ended March 31</b>	<b>Financial plan</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Government of Canada	\$ 418,932	\$ 418,932	\$ -
<b>Expenses</b>			
Communications Support	89,700	127,179	-
Business Case Research Project	188,600	145,946	-
Preliminary Design and Pilot Project Proposal	109,600	114,789	-
Coordination and Strategic Planning	31,032	31,018	-
	418,932	418,932	-
<b>Excess of revenues over expenditures</b>	\$ -	\$ -	\$ -



**First Nations Tax Commission**  
**Schedule 5 - National Meeting of Taxing First Nations**  
**and Tulo Centre Workshops**  
**(Unaudited)**

<b>For the year ended March 31</b>	<b>Financial plan</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Government of Canada	\$ 101,608	\$ 101,608	\$ -
<b>Expenses</b>			
2017 National Meeting:			
Planning and Coordination	31,000	28,000	-
Materials Preparation	13,000	13,000	-
Administration	3,824	3,824	-
Tulo Centre Workshops:			
Identifying Opportunities	3,900	2,300	-
Workshop Materials	16,900	16,900	-
Workshop Delivery	29,000	33,600	-
Administration	3,984	3,984	-
	101,608	101,608	-
<b>Excess of revenue over expenditures</b>	\$ -	\$ -	\$ -

**First Nations Tax Commission**  
**Schedule 6 - Research: One Window Service**  
**(Unaudited)**

<b>For the year ended March 31</b>	<b>Financial plan</b>	<b>2017</b>	<b>2016</b>
<b>Revenue</b>			
Government of Canada	\$ 44,231	\$ 44,231	\$ -
<b>Expenses</b>			
Indigenous Tax Jurisdiction Overview	6,500	6,500	-
Business Case Development	7,800	7,800	-
Single Window Proposal Overview	5,850	5,850	-
Issues and Concerns with Proposal	9,300	9,300	-
Workplan Development and Finalization	11,505	11,505	-
Administration	3,276	3,276	-
	44,231	44,231	-
<b>Excess of revenue over expenditures</b>	\$ -	\$ -	\$ -

## First Nations Tax Commission

### Schedule 7 - Tulo Certificate In First Nations Applied Land Management (Unaudited)

For the year ended March 31	Financial plan	2017	2016
<b>Revenue</b>			
Government of Canada	\$ 54,600	\$ 54,600	\$ -
<b>Expenses</b>			
Professional and Technical Services	30,000	30,000	-
Communications and Marketing	3,000	3,000	-
Administrative Support	18,000	18,000	-
Administration	3,600	3,600	-
	54,600	54,600	-
<b>Excess of revenues over expenditures</b>	\$ -	\$ -	\$ -

## First Nations Tax Commission

### Schedule 8 - Tulo Long Term Strategy (Unaudited)

For the year ended March 31	Financial plan	2017	2016
<b>Revenue</b>			
Government of Canada	\$ 35,532	\$ 35,532	\$ -
<b>Expenses</b>			
Assess Growth of Current Programs and Services	3,500	3,500	-
Assess and Plan New Programs and Services	6,300	6,300	-
Develop Long Term Strategy	23,100	23,100	-
Administration	2,632	2,632	-
	35,532	35,532	-
<b>Excess of revenues over expenditures</b>	\$ -	\$ -	\$ -

## First Nations Tax Commission

### Schedule 9 - Research and Other Special Projects (Unaudited)

For the year ended March 31	Financial plan	2017	2016
<b>Revenue</b>			
Special Projects	\$ -	\$ -	88,224
First Nations Gazette Publication of By-laws	-	-	173,900
Fiscal Management Act Amendments, Communication Plan	-	-	7,778
	-	-	269,902
<b>Expenses</b>			
Special Projects	-	-	88,224
First Nations Gazette Publication of By-laws	-	-	173,900
Fiscal Management Act Amendments, Communication Plan	-	-	7,778
	-	-	269,902
<b>Excess of revenue over expenditures</b>	\$ -	\$ -	-



## Contact Us



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