



First Nations Tax Commission

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# Annual Report 2018-19



## Message from the Chief Commissioner



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

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I am pleased to present you with the annual report of the First Nations Tax Commission (FNTC).

Over the past year, the FNTC again increased its support and services to First Nations and their taxpayers. In the past year, the Commission approved 214 FMA laws (rates, expenditures, property taxation, assessment, development cost charges, fees and property transfer tax laws) and recommended 55 by-laws under s.83 of the *Indian Act* to the Minister of Crown-Indigenous Relations for approval. By March 2019, 269 First Nations were using the FMA. There are now more than 7,000 laws in the *First Nations Gazette*. More than 300 students have attended Tulo Centre classes and workshops, and the first graduates of the new accredited certificate program in Applied Lands Management completed that program.

The FNTC continues to support growth in First Nation property tax jurisdiction across Canada, particularly in Manitoba, Ontario and the Atlantic. In Ontario, the FNTC actively responded to taxpayer questions as on-reserve properties had not been assessed or taxed since 1972.

On May 15 and 16, 2018, we held a unique national conference of First Nations. Entitled *First Nations Leading the Way*, the conference brought together more than 320 participants from 160 First Nations. Those First Nations are using modern First Nation legislation to achieve their economic and fiscal goals in order to share best practices and successes. An underlying goal of this historic meeting was to serve as a catalyst for the creation of an organization of First Nations committed to implementing their land and fiscal jurisdictions to support their economic and other objectives. The meeting highlighted First Nation successes and presented a series of proposals to expand First Nation land and fiscal jurisdictions in support of a revenue-based fiscal relationship. The FNTC advanced proposals related to expanded fiscal powers (e.g., cannabis taxation, tobacco taxation, resource-development taxation, and FNGST), a First Nations Infrastructure Institute, and restoring the First Nations Statistics Institute.

Also in May, the FNTC submitted a series of amendments to the Senate Standing Committee on Aboriginal Peoples relating to the *Cannabis Act* to address the oversight of excluding First Nation cannabis fiscal and regulatory jurisdiction in the legalization of recreational cannabis. The Committee strongly supported the FNTC proposals. The federal Ministers of Health and Indigenous Services committed in writing to the Senate to address the FNTC proposals by June 2019 in order to ensure that the *Cannabis Act* was passed. Subsequently, the Assembly of First Nations passed a resolution in December 2018 to further support many of our proposals for First Nations cannabis fiscal and regulatory jurisdiction. The FNTC also developed a more detailed cannabis jurisdiction proposal, in addition to making presentations to many First Nations and to officials from the federal departments of Finance and Health.

In August 2018, we signed a Memorandum of Understanding (MOU) with the National Intertribal Taxation Alliance (NITA) in Spokane, Wash. NITA represents about 200 tribes who share with us a common history of pre-contact tax jurisdiction, a common loss of that jurisdiction through colonization



and a common struggle to renew their tax jurisdictions. This MOU confirms our commitment to work together, learn from each other and support the renewing of indigenous tax jurisdiction in our countries.

In September and October 2018, I met with James Robinson, author of *Why Nations Fail*, and Hernando de Soto, author of *The Mystery of Capital*. These renowned economists are interested in learning more about our institutional model to support First Nation jurisdictions and economies. Much of their interest is in the work that was summarized in a Tulo Centre of Indigenous Economics paper titled “Renewing Indigenous Economies through Creative Destruction”.

In November 2018, we began working with representatives of the Manitoba government to discuss how the FNTC can help Manitoba First Nations implement more *First Nations Fiscal Management Act* (FMA) fiscal powers, negotiate tax-based service agreements with local governments, raise the fiscal and economic benefits from Treaty Land Entitlements (TLEs), and expand First Nation fiscal powers and jurisdictions.

The development board for the proposed First Nations Infrastructure Institute (FNII) produced a proposal for a new approach to the whole infrastructure life cycle that, if accepted, will help build more sustainable community and economic infrastructure faster and more cost effectively. Their work to establish FNII within the FMA will provide interested First Nations with many

infrastructure system innovations and serve as the foundation for an improved fiscal relationship that links our fiscal powers to better services and infrastructure.

In February 2019, I met with officials from the Federal Reserve Bank of Minneapolis, and in March 2019, I met with the Bank of Canada’s Senior Deputy Governor Carolyn Wilkins. Both organizations are interested in looking to the FNTC to better understand how indigenous economies should be considered in national monetary and fiscal policies.

The accomplishments over the last year would not have been possible without the dedication of Commissioners, staff and professional advisors, First Nation tax administrators, and stakeholder organizations. As we work together to renew our governments and economies for the benefit of First Nations, taxpayers, and all Canadians, the pace of our work will continue to increase. We are ready to help First Nations meet that challenge. Thank you for your continued commitment to the First Nation tax system.

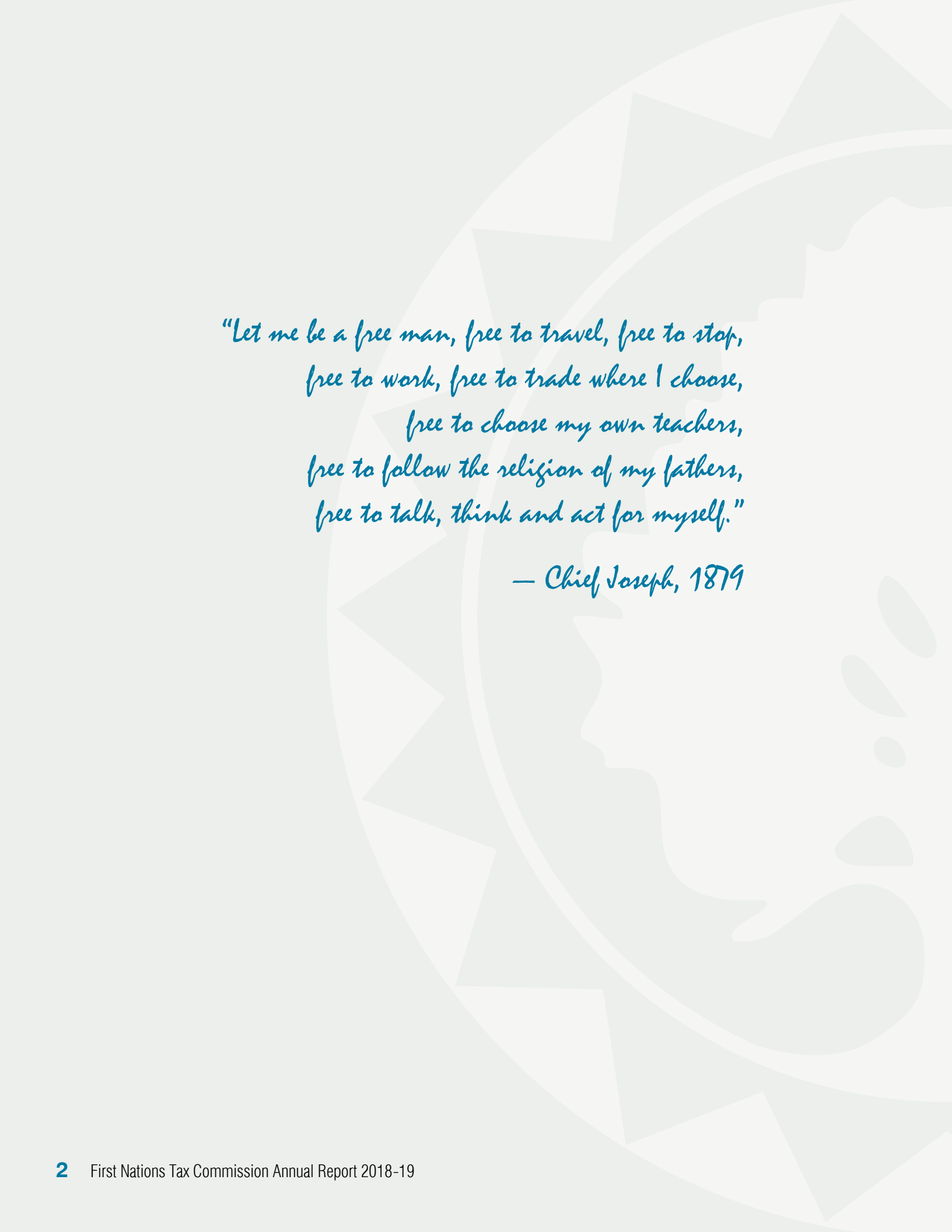
Sincerely yours,

C.T. (Manny) Jules,  
Chief Commissioner and  
Chief Executive Officer



“We are here to make a fundamental change for our people. We want to develop institutions that promote greater jurisdiction and greater economic development. That’s the foundation.”

—**Chief Commissioner Jules,**  
**2018 National Meeting**

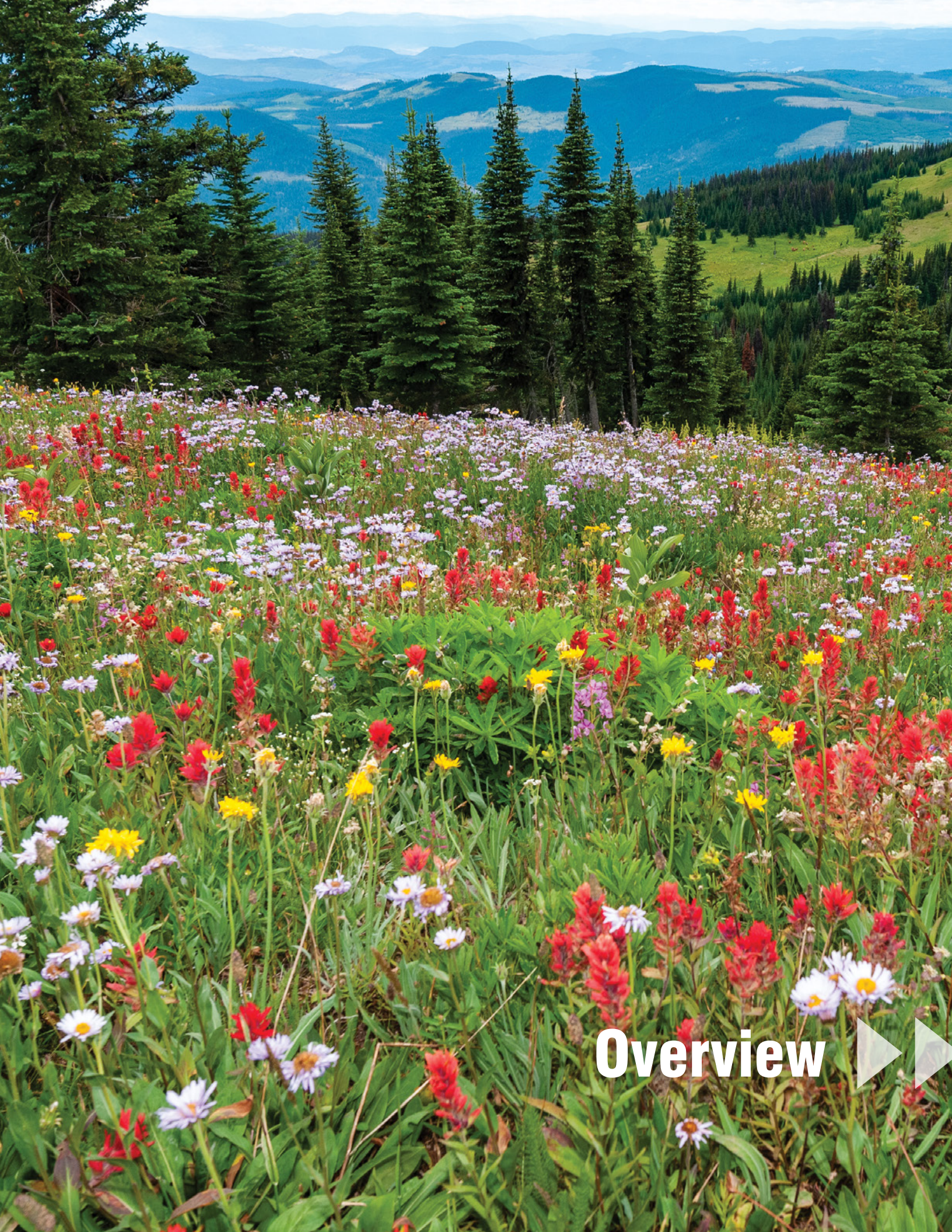


*"Let me be a free man, free to travel, free to stop,  
free to work, free to trade where I choose,  
free to choose my own teachers,  
free to follow the religion of my fathers,  
free to talk, think and act for myself."*

*— Chief Joseph, 1879*



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**Overview**





## Vision and Progress

The FNTC has long maintained that First Nations are governments within the Canadian federation, that jurisdiction defines governments, and that tax revenues enable jurisdiction. First Nation tax jurisdiction is the basis for revenue-based fiscal relationships between First Nations and federal and provincial governments. Most importantly, the assumption of tax jurisdictions by First Nations must be First Nation-led, optional, and supported by national First Nation institutions.

In 2018-19, the FNTC supported the expansion and implementation of First Nation tax jurisdiction by continuing to maintain and develop standards and processes that ensure the integrity of the system of First Nations real property taxation, continuing to build First Nation capacity to administer their tax systems, promoting transparency and understanding of First Nation real property tax systems, providing support for negotiations and resolution of disputes, and advancing proposals to expand First Nation tax jurisdictions. This annual report provides an opportunity to report to First Nations, taxpayers and the federal government on the FNTC's progress in achieving its vision and to provide examples of how our work improves First Nation communities and supports expanding First Nation tax jurisdiction.

## Supporting First Nation Tax Jurisdiction

The FNTC develops and implements the regulatory framework for First Nation tax jurisdictions. It also provides expertise, research, support, and capacity development to assist First Nations in implementing their tax jurisdictions and reconciling First Nation and taxpayer interests. This support and training saves tax-collecting First Nations time and money.

In 2018-19, there were 41 First Nations added to the FMA for a total of 269 FMA First Nations. There are now 159 First Nations implementing property taxation under the FMA and s.83 of the *Indian Act* who collect approximately \$96 million

“We always had our own systems of self-sufficiency. Now we’re working together to bring that back. It’s about breaking down obstacles, opening doors, and building bridges.”

—**Councillor Dalyn Bear,**  
Whitecap Dakota First Nation  
and Tulo Centre Graduate,  
2018 National Meeting



annually in local revenues, including \$5.3 million from non-property tax local revenue (development cost charges, fees, and business activity taxes). This represents an increase of \$17 million in annual local revenues, partly due to the implementation of new property tax systems in Kwikwetlem First Nation and Flying Dust First Nation, increases in assessed values, and increases in non-property tax local revenues. First Nations use these revenues to support the provision of services and infrastructure to their communities and taxpayers. First Nations continue to implement development cost charge, local service charge, business activity tax, fee for service and property transfer tax jurisdiction.

The FNTC plays an important role in ensuring taxpayer interests are represented in the First Nation property tax system through standards for taxpayer notification, promulgation and access to laws through the *First Nations Gazette*, and Commissioners who represent on-reserve taxpayers. In 2018-19, the FNTC developed or updated 11 standards and 10 sample laws, including:

- Sample First Nation Accommodation Operator Tax Law;
- Sample First Nation Quarry Operations Tax Law (BC);
- Sample First Nation Property Transfer Tax Law (BC);
- Sample First Nation Service Tax Law (for specific service); and
- Sample First Nation Fee Law (for specific service).

In 2018-19, the FNTC reviewed and approved 201 annual laws and 13 non-annual FMA laws. Fifty-five s.83 by-laws were also reviewed and recommended to the Minister for by-law approval.

The FNTC also conducted research to advance First Nation jurisdiction, to reflect sound administrative practices, or to increase First Nation, taxpayer, and investor confidence in the integrity of the First Nation local revenue system.

## Building First Nation Capacity

Capacity development is a key part of implementing effective tax jurisdictions. The FNTC supports capacity development through presentations, workshops, training opportunities and communications. In 2018-19, the FNTC provided 96 presentations to taxpayers, First Nations, governments and the public. Workshops were also delivered in Alberta, Saskatchewan, New Brunswick, Manitoba and Ontario.

The FNTC also offers accredited courses as part of 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 2018-19, the FNTC and the Tulo Centre delivered 10 accredited courses of the Certificate in First Nation Tax Administration program and the Certificate in Applied Economics program to 38 students representing 27 First Nations across Canada. The Tulo Centre also delivered seven courses for the first graduating class as part of the Certificate in First Nation Applied Lands Management.

The FNTC supports the Tax Administration system (TAS), a cloud-based internet application that assists tax administrators through the annual cycle of property taxation, including setting tax rates, preparing and printing tax notices, and managing payment collection.

## Expanding First Nation Tax Jurisdiction

The FNTC continues to work with proponent First Nations, governments and other groups to advance proposals to expand First Nation tax jurisdictions and to address gaps in the underlying legal, administrative and institutional frameworks in ways that support First Nation economic growth and development.

In 2018-19, the FNTC continued to advance proposals that support First Nations interested in cannabis excise and sales tax jurisdiction, Aboriginal Resource Taxation (ART), tobacco taxation in Ontario, and including the

## Overview



FNGST in the FMA. These proposals were presented at “First Nations Leading the Way” — the 2018 national meeting of more than 320 delegates from more than 160 FMA and / or First Nations Lands Management Act (FNLMA) First Nations communities across the country. The national meeting showcased First Nations achievements in using First Nation-led agreements and legislation to improve their economies through greater fiscal independence, improved financial management, debenture financing, and sound land governance.

On Dec. 13, 2018, several amendments to the FMA came into force. These amendments included proposals advanced by the Commission, the First Nations Financial Management Board and the First Nations Finance Authority, as well as “bijural” amendments to ensure that the FMA is fully operational in Canada’s common-law and civil-law jurisdictions.

### Supporting On-Reserve Infrastructure

The FNTC and the other FMA institutions work together to provide access to long-term pooled borrowing for on-reserve infrastructure for First Nations borrowing through the FMA framework. Local revenues generated through First Nation tax jurisdictions under the FMA may also be used to fund community services and infrastructure operation, maintenance, and improvements for First Nation communities. The FNTC also promotes the use of DCCs, service taxes, and the establishment of capital reserves to fund local infrastructure.

The FNTC continues to support the development of the First Nations Infrastructure Institute (FNII) — an institution designed to support improved First Nations infrastructure outcomes by providing the skills and processes necessary for First Nations to plan, procure, own and manage infrastructure assets.

### A New Fiscal Relationship

The FNTC has long viewed the development of a First Nation revenue-based fiscal relationship, rather than simply a modified funding relationship, as the fulfilment of the federal government’s commitment to a new fiscal relationship and nation-to-nation relations for First

Nations. The latter model of fiscal relations will never support true self-determination, is inconsistent with “nation-to-nation” relations, and ultimately, will not give First Nations the tools, revenue base and authority they need for social and economic development.

A jurisdiction or revenue-based fiscal relationship starts with a government setting up tax systems, collecting its own revenues, and determining how best to spend the money. This is how fiscal relations work for the federal and provincial governments. This is why the FNTC and its predecessor institution have been advocating for a new fiscal relationship for the past 20 years.

Ongoing work of the FNTC has included the advancement of several options for new First Nation tax powers. The FNTC has advocated for a fiscal treatment of these tax powers that is consistent with a revenue-based fiscal relationship. This work has been advanced with federal and provincial governments, as well as with First Nations and First Nation organizations, and will continue to be advanced in 2019-20.

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**“We have all these young people in our community and they understand that these dollars are not just for now. They know they have to plan for the future.”**

**—Chief Maureen Thomas,  
Tsleil-Waututh First Nation,  
2018 National Meeting**



## First Nations Leading the Way

### First Nations Implementing Property Taxation

#### IMPLEMENTING NEW PROPERTY TAX SYSTEMS

KWIKWETLEM FIRST NATION

FLYING DUST FIRST NATION

#### MOVED FROM S.83 TO FMA

WHITE BEAR FIRST NATION

TSUUT'INA NATION

#### NEW PROPERTY TRANSFER TAX LAWS

BEECHER BAY FIRST NATION

WASAUKSING FIRST NATION

#### NEW PROPERTY ASSESSMENT/TAXATION LAWS

WASAUKSING FIRST NATION

CHIPPEWAS OF GEORGINA ISLAND

The Wasauksing First Nation and Chippewas of Georgina Island First Nation are both located in south central Ontario and have hundreds of seasonal cottage leases on their reserve lands. Property assessments and property taxes had not occurred on reserve since the early 1970s when Ontario municipalities stopped assessing and collecting property taxes from Indian reserve properties. Leaseholders were paying a small annual service fee that was not covering the cost of local services or improvements to those services.

In 2018, Wasauksing and Georgina Island enacted property tax and assessment laws, and Wasauksing also enacted a property transfer tax law and a financial administration law. Georgina Island's property tax law included a four-year transition period to allow leaseholders time to adjust and plan for the implementation of ad valorem property taxation.



First Nations are innovating and expanding their tax jurisdiction, moving beyond dependency to become sustainable, vibrant communities.

## FMA FIRST NATIONS

There were **41 First Nations added** to the FMA Schedule in 2018-19. There are now **269 FMA First Nations** in Canada.

- Fort McMurray #468 First Nation, AB
- Frog Lake First Nation, AB
- Little Red River Cree Nation, AB
- Ahousaht, BC
- Cheslatta Carrier Nation, BC
- Fort Nelson First Nation, BC
- Katzie, BC
- Kispiox, BC
- Pacheedaht First Nation, BC
- Yale First Nation, BC
- Lake Manitoba, MB
- Tataskweyak, MB
- Woodstock First Nation, NB
- Miawpukek First Nation, NL
- Qalipu Mi'kmaq First Nation, NL
- Annapolis Valley First Nation, NS
- Potlotek First Nation, NS
- Wagmatcook, NS
- Beausoleil First Nation, ON
- Brunswick House First Nation, ON
- Cat Lake First Nation, ON
- Eagle Lake First Nation, ON
- Henvey Inlet First Nation, ON
- Lac Seul, ON
- Ochiichagwe'Babigo'Ining First Nation, ON
- Sagamok Anishnawbek, ON
- Shawanaga First Nation, ON
- Shoal Lake #40, ON
- Temagami First Nation, ON
- Wikwemikong, ON
- Lennox Island, PE
- Abénakis of Wôlinak First Nation, QC
- Atikamekw d'Opitciwan, QC
- Atikamekw de Wemotaci, QC
- Long Point First Nation, QC
- Canoe Lake Cree First Nation, SK
- Carry the Kettle First Nation, SK
- English River First Nation, SK
- Ocean Man, SK
- Okanese, SK
- Standing Buffalo Dakota Nation, SK



**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 an MOU 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*.



“We are here to make  
a fundamental change  
for our people.”

—Chief Commissioner Jules,  
2018 National Meeting

## Corporate Profile



### 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 2018-19 were as follows:

**C.T. (Manny) Jules**, Tk'emlups te Secwepemc, BC  
(Chief Commissioner / CEO)

**David Paul**, Tobique, NB (Deputy Chief Commissioner)

**Dr. Céline Auclair**, Gatineau, QC

**Leslie Brochu**, Chase, BC

**Ken Marsh**, Okotoks, AB

**William McCue**, Georgina Island, ON

**Latrica (Terry) Babin**, Windermere, BC

**Randolph Price**, North Vancouver, BC



At March 31, 2019 there were two vacancies on the Commission.



“The focus has always been building capacity in our community.”

—**Chief David Crate**,  
Fisher River First Nation,  
2018 National Meeting



## Governance

The FNTC maintains a best-practice 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:

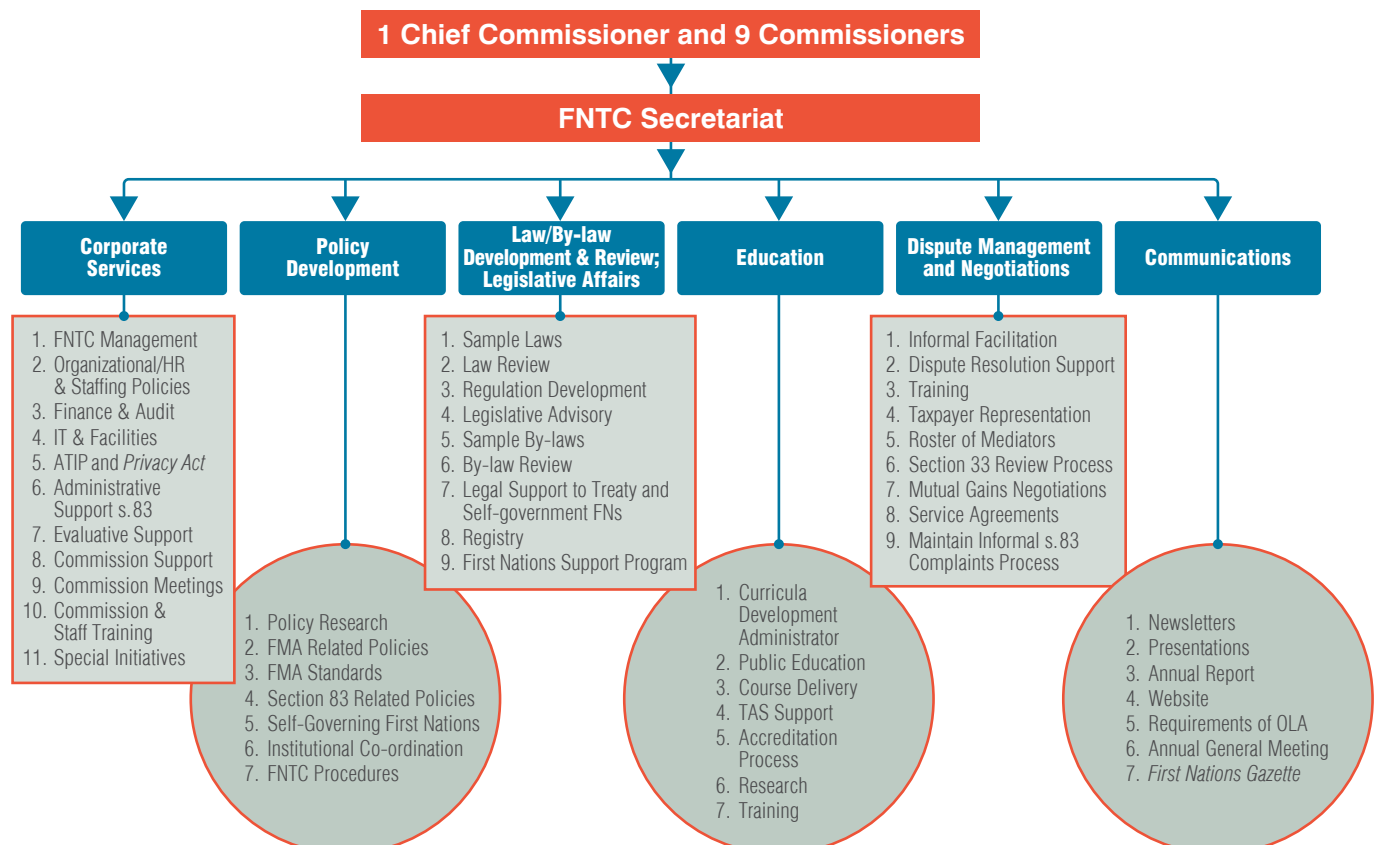
- Executive Management Committee
- Management Committee
- Audit Committee
- Section 83 Rates Committee
- Education and First Nation Tax Administrators Association Committee
- International Relations Committee
- *First Nations Gazette* Editorial Board

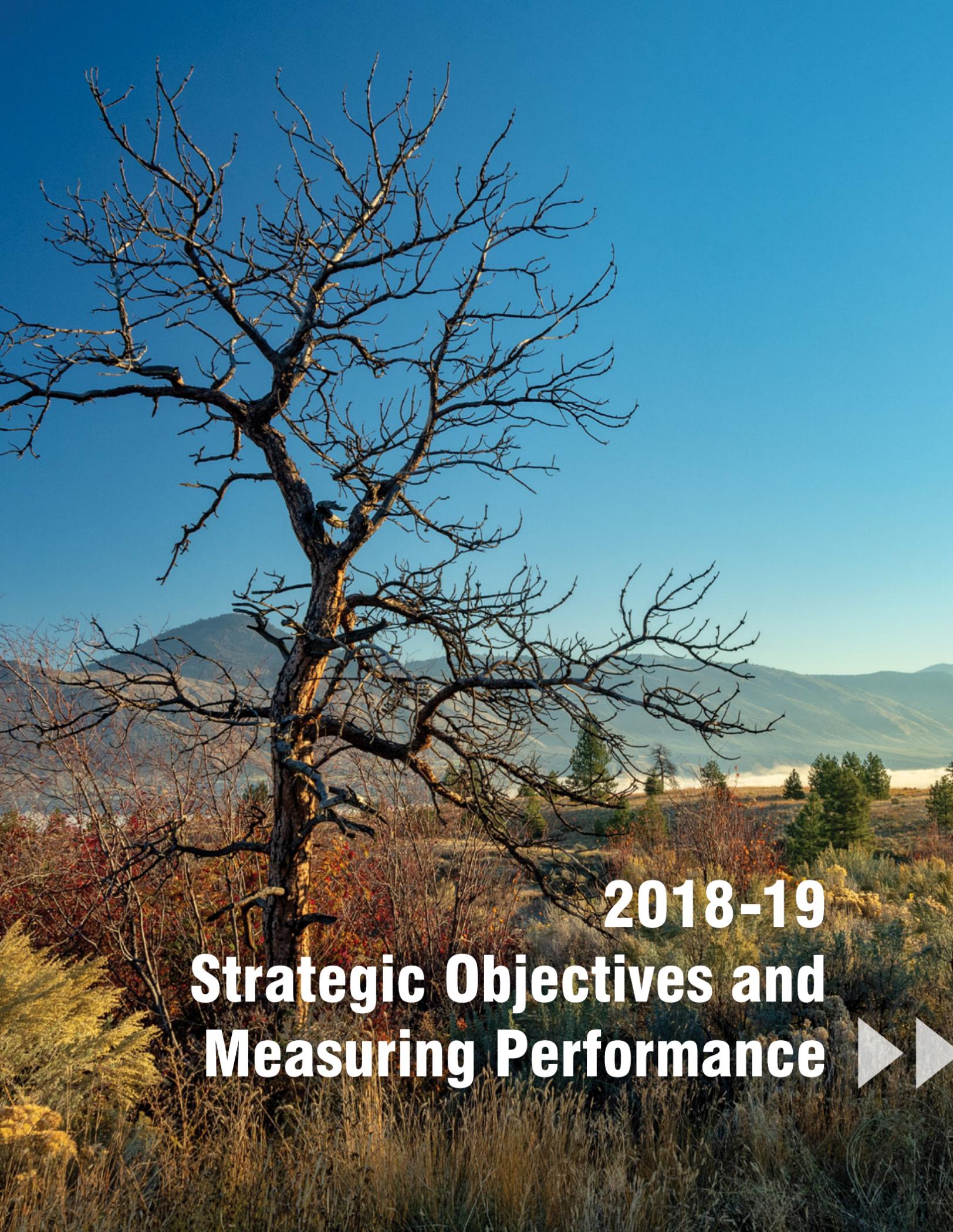
Committees consist of Commissioners only, or a mix of Commissioners, staff, and other professionals, as appropriate.

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 25 full-time staff and professionals with expertise related to the FNTC mandate who assist the FNTC on a contract basis.

## Organizational Chart and Business Lines






**2018-19  
Strategic Objectives and  
Measuring Performance**



## 2018-19 Strategic Objectives and Measuring Performance

The FNTC sets out its strategic objectives and performance measures annually in its Corporate Plan. On the next page is a summary of the FNTC 2018-19 objectives and the institution's performance against each objective.



“Imagine us working together. Imagine the legacy we can achieve.”

—**C.T. Manny Jules**,  
Chief Commissioner



“We need your support. We need to walk out of this meeting committed to working toward our common goals and objectives. We need to stand together.”

—**Harold Calla**,  
First Nations Financial Management Board



“We have attracted investors to our communities. We are a growing part of Canada’s economic success. We can no longer be ignored.”

—**Ernie Daniels**,  
First Nations Finance Authority



# 2018-19 Strategic Objectives and Measuring Performance



OBJECTIVES, STRATEGIES AND ACTIVITIES	PERFORMANCE
<b>Corporate Services</b>	
Annual Corporate Plan, work plan and financial plan produced and approved	Completed
Capital requirements for HO and NCR office managed	Completed
10 Commission meetings held	Completed
Financial, human resource and administrative management and committee support provided	Completed
Access to Information Act and Privacy Act requirements met	Completed
Support provided, or additional resources sought to advance the following special initiatives: <ul style="list-style-type: none"> <li>• FN Cannabis Tax</li> <li>• FN Tobacco Tax (Ontario)</li> <li>• ART</li> <li>• ILTI</li> <li>• FNII</li> <li>• National Meeting</li> <li>• FNGST</li> <li>• Revenue-based fiscal relationship</li> </ul>	Completed
Recruiting, training and professional development undertaken in support of succession planning for staff and executives	Completed
Training and professional development support undertaken in support of succession of Commissioners	Completed
Negotiations for multi-year funding agreement supported	Completed
Paper records action plan implemented	Completed
Retention schedules approval project undertaken	Completed
Policies and procedures development continued	Completed
CRM processes, procedures and manual maintained	Completed
CRM communications and training delivered	Completed
Email records management plan developed and supported	Ongoing
Server / Network / IT structure maintained	Completed
<b>Policy Development</b>	
3 standards approved	Completed
3 s.83 policies modified and approved	Completed
Minimum of 8 policies developed or research projects initiated or continued or completed	Completed
4 projects with other institutions initiated or continued	Completed
Pre-Budget Submission completed and submitted	Completed
Property tax statistics reporting mechanism developed	Completed
<b>Law/By-law Development and Review; Legislative Affairs</b>	
4 sample laws / by-laws produced or modified	Completed
Support to 20 First Nations provided	Completed
216 FMA laws reviewed	214 laws reviewed
Legislative amendments advanced	Ongoing
Support to Policy Development – Includes 3 research projects	Completed

## 2018-19 Strategic Objectives and Measuring Performance



OBJECTIVES, STRATEGIES AND ACTIVITIES	PERFORMANCE
Treaty and self-government First Nations' participation in FMA advanced	Completed
50 by-laws reviewed	55 bylaws reviewed
FMA and s.83 registries maintained	Completed
Reports to Commission on legal developments	Completed
<b>Education</b>	
8 regional workshops	Exceeded 9
11 accredited courses delivered	Completed 10, 1 deferred to April 2019
Logistics and support for students to attend 11 accredited courses provided	Completed 10, 1 deferred to April 2019
1 new course developed	In progress
8 webinars developed and published	8 developed
Multi-media productions to support public education and course material developed	Completed
Graduation and convocation logistics supported	Completed
Tulo Centre of Indigenous Economics operations supported	Completed
Curriculum retreat held	Completed
FNTAA / Tulo alumni working group supported	Completed
<b>Dispute Management and Negotiations</b>	
Roster of mediators maintained	Completed
Support for negotiations with local and provincial governments provided	Completed
Training managed and co-ordinated	Completed
S.33 review simulation in support of Commissioner orientation activities conducted	Completed
First Nations and taxpayer inquiries and requests for facilitation of disputes responded to	Completed
Support provided to negotiations and service agreements	Completed
Institutional co-ordination provided	Completed
<b>Communications and <i>First Nations Gazette</i></b>	
2017-18 Annual Report published	Completed
Annual General Meeting materials prepared	Completed
Websites updated and maintained	Completed
Newsletter published quarterly, distributed via hardcopy and electronically	Completed
Communications materials updated	Completed
Webinars produced and recorded	In progress
Storytelling collected and distributed through new media	Completed
Tradeshow exhibit updated and tradeshow participation undertaken	Completed
FNG marketing plan developed	Completed
FNG business plan updated	Completed
FNG website is maintained and FNG services are provided	Completed
Communications strategy, procedures and operations manual updated	Completed



## 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 in keeping with the FMA Part 2, Part 6, and the FNTC Corporate Plan. Corporate Services is also responsible for managing the special projects or initiatives undertaken by the FNTC.

### KEY ACCOMPLISHMENTS

In 2018-19, Corporate Services convened four general FNTC meetings and 16 law / by-law review meetings. Corporate Services also continued to provide financial, human resource and administrative management. Results included producing the annual corporate plan, work plan and financial plan; managing the annual audit and financial reporting process; ensuring Access to *Information Act and Privacy Act* requirements were met; managing the capital requirements for the head office and the National Capital Region office; maintaining and improving the information technology and information management systems and practices; and providing training and professional development opportunities to Commissioners and staff.

Seven Commissioners were reappointed in 2018-19:

- Chief Commissioner Clarence T. (Manny) Jules
- Deputy Chief Commissioner David Paul, NB (Tobique FN);
- Commissioner Celine Auclair, QC;

- Commissioner William McCue, ON (Chippewas of Georgina Island FN);
- Commissioner Leslie Brochu, BC (Taxpayer – Residential)
- Commissioner Randolph Price, BC (Taxpayer – Commercial); and
- Commissioner Kenneth Marsh, AB (Taxpayer – Utility).

Early in 2018-19, the FNTC identified various organizational changes that will occur over the next few years, including the retirement of senior leaders, growth in the number of First Nations using FNTC services, and a proposed expansion of the FNTC's mandate to include other tax jurisdictions, such as cannabis, resources, tobacco, and FNGST. Corporate Services began work in 2018-19 on development of a management transition plan.

To support anticipated growth in Ontario, Manitoba and Atlantic Canada, the NCR office was expanded to support new capacity planned for 2019-20.





### SPECIAL INITIATIVES

Corporate Services continued to provide support to advance the following special initiatives in 2018-19:

- **First Nations Leading the Way – National Meeting 2018:** The national meeting hosted more than 320 delegates from more than 160 FMA and /or FNLMA First Nations communities across the country. It showcased First Nations achievements in using First Nation-led agreements and legislation to improve their economies through greater fiscal independence, improved financial management, debenture financing, and sound land governance. The event featured several influential presentations, engaging panel discussions, thought-provoking films, interactive multimedia encouraging attendee participation and important First Nation-led proposals to be advanced. Following the success of the event, the FNTC began the process of organizing and developing materials for the second national meeting of FMA and FNLMA First Nations to be held in Calgary in May 2019.
- **Aboriginal Resource Tax (ART):** The FNTC continued to support the design and development of ART options with interested First Nations and the federal government. An ART would empower First Nations to establish resource tax jurisdiction and generate revenues from new resource projects in

their traditional territory. This would provide more certainty to resource investors and First Nations than negotiating impact-benefit agreements or resource revenue sharing for each project.

- **First Nations Infrastructure Institute (FNII):** The FNTC, proponent First Nations and the FNII Development Board have continued to advance the development of a First Nations Infrastructure Institute

“First Nation visionaries have developed the tools we need to break through. We have built a solid foundation, but there is still more work to do.”

—Chief Joe Bevan,  
Kitselas First Nation,  
2018 National Meeting



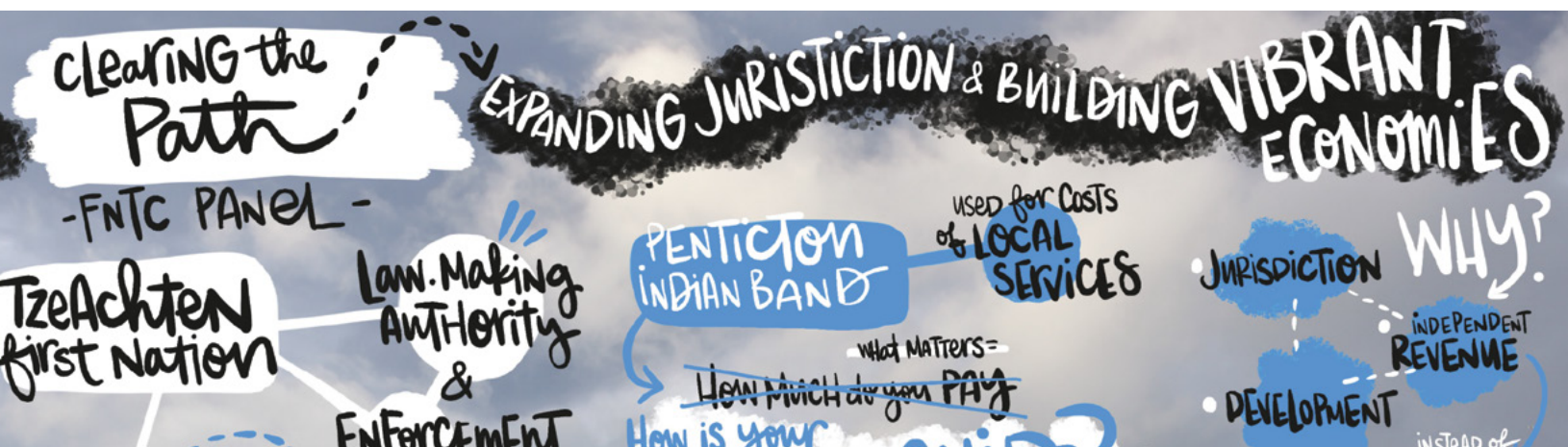


as part of the FMA. To inform institutional design and proposed innovations for an improved infrastructure delivery model, the FNII technical team undertook a robust and ongoing engagement process. Several proposed services and innovations within the stages of an infrastructure project have been identified. Communications materials describing how these innovations will add value and lead to improved infrastructure outcomes have been developed. Work began on a legislative outline for a proposed amendment to the FMA.

- **First Nation Tobacco Tax Jurisdiction:** The FNTC continued to work with interested First Nations, Union of Ontario Indians (Anishinabek Nation), and the Government of Ontario to develop and advance a regulatory framework under the FMA for tobacco taxation and revenue sharing. The development of First Nations tobacco tax jurisdiction is strongly supported by the Government of Ontario as the best method to deal with unregulated tobacco sales in the province and agrees the FMA offers the best approach to providing the regulatory framework required to implement First Nation tobacco taxation.
- **First Nation Cannabis Tax Jurisdiction:** Interested First Nations and the FNTC have developed a comprehensive First Nation cannabis jurisdiction proposal that includes First Nation regulatory jurisdiction, First Nation distribution system (distribution warehouses & stamps), First Nation

excise tax sharing and a First Nation option to collect a Fuel, Alcohol, Cannabis, and Tobacco (FACT) tax. This proposal was supported by the Standing Senate Committee on Aboriginal Peoples (SSCAP) in June 2018 prior to the passing of the *Cannabis Act*. The Ministers of Health and Indigenous Services wrote to the SSCAP in June 2018 and committed to providing a report on a First Nation cannabis jurisdiction option by June 2019.

- **First Nations Goods and Services Tax (FNGST):** The FNTC has continued to work with interested First Nations to support the development and implementation of FNGST systems and has continued to work towards amendments to the FMA to allow for the inclusion of FNGST revenues as FMA local revenues for borrowing purposes.
- **A Revenue-Based Fiscal Relationship:** The FNTC continued to advance the development of a First Nation revenue-based fiscal relationship, rather than simply a modified funding relationship as the fulfilment of the federal government's commitment to a new fiscal relationship and nation-to-nation relations for First Nations. Ongoing work has included the advancement of several options for new First Nation tax powers and advocacy for the fiscal treatment of these tax powers that is consistent with a revenue-based fiscal relationship. This work has been advanced with federal and provincial governments and First Nations and First Nation organizations.





### BUILDING THE FIRST NATIONS INFRASTRUCTURE INSTITUTE

The problems with the current First Nation infrastructure system are well-known – infrastructure on reserve takes too long to develop, costs too much to build, and does not last long enough. This contributes to a series of poor health, social and economic outcomes. For years, First Nations, tribal councils, technical services groups and provincial and territorial organizations have been working to improve First Nation infrastructure.

Over the last several years, the FNTC and several proponent First Nations have been advancing the concept of a new First Nations Infrastructure Institute (FNII) to offer support to participating First Nations to develop more sustainable infrastructure and improve outcomes. The FNII concept was presented at the national meeting of FMA / FNLMA First Nations in May 2018 and received broad support from the First Nations in attendance.

To inform institutional design and proposed innovations for an improved infrastructure delivery model, the FNII team undertook a robust and ongoing engagement process with interested First Nations, regional First Nations technical organizations, the other FMA institutions, ISC, Finance Canada, provincial procurement agencies and other infrastructure industry experts.

The team identified a number of proposed services and innovations within six stages of an infrastructure project: (i) Planning; (ii) Procurement Option Analysis and Project Optimization; (iii) Pre-Procurement and Procurement; (iv) Project Financing; (v) Design, Construction, and Insurance; and (vi) O&M and Asset Management. The team also developed communications materials describing how these innovations will add value and lead to improved infrastructure outcomes and describing five potential funding options for which FNII will develop supporting mechanisms.

The FNII team also began work on a legislative outline for a proposed amendment to the FMA.

More information about this important initiative is available at [www.fnii.ca](http://www.fnii.ca).





## 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 and Sample Laws** – Eleven standards were updated, modified and / or developed and presented to the Commission for approval in 2018-19. Highlights include:

- **Standards for First Nation Taxpayer Representation to Council Laws:** These Standards were revised to remove the use of arbitration for dispute resolution, and to bring the Standards in line with the current version of the FMA and recent changes to related Standards.
- **Standards for First Nation Property Taxation Laws:** These Standards were revised to enable the use of property tax exemptions for First Nation partnerships. In this regard, the Standards introduced the term “First Nation Entity” to mean a First Nation corporation or partnership of which the First Nation has not less than 50 per cent beneficial ownership.
- **Standards Respecting Notices Relating to Local Revenue Laws:** The Standards were modified to address notification of laws in situations where there are seasonal occupiers on reserve lands. Many First Nation communities have non-member residents who occupy on-reserve properties on a seasonal basis (e.g., cottagers, and secondary summer homes). The amendments to the Standards require First Nations to either adapt the timing of their law notification periods to a time of year when seasonal properties are occupied or opt for a mail / email delivery of law notification.

**S.83 Policies** – In 2018-19, Policy Development reviewed and modified the following s.83 policies for Commission approval:

- Property Assessment By-law Policy
- Property Taxation By-law Policy
- Local Improvement Tax Policy

**Research and Policy Development** – In 2018-19, Policy Development initiated and continued various research projects to advance First Nation jurisdiction, to reflect sound administrative practices, or to increase First Nation, taxpayer, and investor confidence in the integrity of the First Nation local revenue system. Highlights include:

- **First Nation Assessment Appeals Process:** The FNTC studied assessment appeal processes and innovations in all provinces to identify opportunities to improve and better co-ordinate FMA assessment appeal standards and practices.
- **Service agreements and TLEs:** The FNTC conducted a review of its tax-based service agreement template to support its application for urban reserves created from TLE implementation in Manitoba, Saskatchewan and Alberta.
- **Mining and / or Well-Drilling Business Activity Tax (BAT) for Saskatchewan:** The FNTC continues to explore the possible application of the BAT power to a proposed potash mine on First Nations lands in Saskatchewan.
- **Options for infrastructure development to expand First Nations economies and tax base:** The FNTC has supported the development of the proposed First Nations Infrastructure Institute (FNII) and has conducted research suggesting that expanded First Nation fiscal power proposals could be co-ordinated with the proposed FNII and the other FMA institutions to help interested First Nations finance more sustainable infrastructure systems.
- **FMA Tax Options Associated with Annual Flooding of Ontario First Nation Land to Support Hydro-electricity Generation:** The FNTC worked with several First Nations in Ontario interested in research and exploration of possible FMA tax options to generate fiscal benefits from hydro generating flooding of their reserve lands.



Projects were undertaken with other fiscal institutions, including:

- Further amendments to the FMA;
- Support for Treaty and Self-Governing First Nation participation in the FMA;
- FMA Information Collection and Dissemination;
- FMA Marketing and Co-ordinated Law Development; and
- Borrowing Co-ordination.

**Pre-Budget Submission** – The 2019 FNTC Pre-Budget Submission (PBS) was developed and was based on the federal government's theme of enhancing Canadian

competitiveness. The PBS argued that this could be substantially improved through the development of a revenue-based fiscal relationship option for First Nations. A revenue-based fiscal relationship would be based on new tax powers that would not be subject to unilateral clawbacks and associated responsibilities that would not be subject to federal input or conditions. New tax power options that were requested were carbon tax; cannabis excise tax; tobacco excise tax; expanded GST; and a resource tax based on traditional lands. Expanded institutional support was requested to support the development of these new powers. This included expanded powers to develop statistics and support for First Nations infrastructure development.

### ADVANCING FIRST NATION FMA CANNABIS FISCAL AND REGULATORY PROPOSAL

First Nation governments were left out of the federal / provincial cannabis tax and regulatory framework, which was concluded in December 2017. First Nations were also left out of the public distribution system that is being used to support online sales, and eventually, a broader market for edible, concentrate and other cannabis-derived product sales. This was done despite federal commitments to First Nations for reconciliation, a new fiscal relationship, nation-to-nation frameworks and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

Since March 2017, the FNTC has been working with proponent First Nations to advance a First Nation-led cannabis jurisdiction option using the FMA. A presentation about this FMA cannabis option was made to the Standing Senate Committee on Aboriginal Peoples in February 2018 by the FNTC Chief Commissioner, with a series of specific amendments provided to the Senate Committee in March 2018. The proposal was also presented at the First Nations Leading the Way National Meeting in May 2018. In each case, the proposal for First Nations cannabis fiscal and regulatory jurisdiction received strong support.

In June 2018, in a letter to the Senate Committee on Aboriginal Peoples, the Ministers of Indigenous Services and Health Canada committed to working with interested First Nations and the FNTC to develop

a First Nation cannabis excise tax sharing, tax and regulatory option within one year. Proponent First Nations and the FNTC are advancing a comprehensive First Nation cannabis jurisdiction proposal.

In September 2018, the FNTC and some proponent First Nations developed a comprehensive proposal to establish an FMA cannabis fiscal and regulatory framework option for interested First Nations. There are six distinct elements to the proposed FMA First Nation cannabis fiscal and regulatory option:

1. Voluntary Participation by Interested First Nations
2. First Nation Jurisdiction Framework for Cannabis Regulation and Licensing
3. FMA Cannabis Fiscal Jurisdiction Framework (excise and other tax options)
4. First Nations Cannabis Distribution Warehouses
5. First Nations Stamp on First Nation Cannabis
6. First Nation Institutional Support to Implement System

The application of the FMA framework to First Nations cannabis tax and regulation is an efficient, effective option to achieve health, economic and fiscal interests for interested First Nations.



## Law / By-law Development and Review; Legislative Affairs

The objective of Law / By-law Development and Review, Legislative Affairs (LBDRLA) business line is to ensure the integrity of the First Nations real property taxation system and promote a common approach to First Nations real property taxation nationwide, having regard to variations in provincial real property taxation systems. This is accomplished by providing support to First Nations in the law-development process, reviewing submitted First Nations laws for compliance with the regulatory framework, and working with the federal government to improve the legislative and regulatory framework.

LBDRLA also monitors legal developments that may impact the exercise by First Nations of their property tax jurisdiction.

### KEY ACCOMPLISHMENTS

**Law Approval / By-law Review** – In 2018-19, LBDRLA prepared technical reviews for 201 annual laws and 13 non-annual FMA laws for the Commission's consideration. It also prepared 55 technical reviews of s.83 by-laws for the Commission's consideration in making their recommendations to the Minister for by-law approval.

**First Nation Law-Development Support** – LBDRLA provided support for First Nations interested in or entering the field of property taxation for the first time or transitioning to the FMA from *Indian Act* taxation. Ontario First Nations required extra support to enter property taxation, as most have pre-existing taxable properties that have to make the transition from fee for service arrangements to ad valorem taxation. Four First Nations enacted property tax and assessment laws in 2018-19:

- Chippewas of Georgina Island First Nation (ON)
- Wasauksing First Nation (ON)
- Tsuut'ina Nation (AB)
- White Bear First Nation (SK)

**Law Development** – Ten sample laws were updated, modified or developed in 2018-19 including:

- Sample First Nation Annual Tax Rates Law
- Sample First Nation Annual Expenditure Law
- Sample First Nation Annual Expenditure Law (long-form version)

- Sample First Nation Property Assessment Law
- Sample First Nation Property Taxation Law
- Sample First Nation Accommodation Operator Tax Law
- Sample First Nation Quarry Operations Tax Law (BC)
- Sample First Nation Property Transfer Tax Law (BC)
- Sample First Nation Service Tax Law (for specific service)
- Sample First Nation Fee Law (for specific service)





### FMA AMENDMENTS

On Dec. 13, 2018, several amendments to the FMA came into force. These amendments include proposals advanced by the Commission, the First Nations Financial Management Board and the First Nations Finance Authority over the last three years, as well as “bijural” amendments to ensure that the FMA is fully operational in Canada’s common-law and civil-law jurisdictions.

The amendments are aimed at clarifying certain aspects of the legislation, addressing gaps in the legislation, increasing the flexibility of the legislation and expanding access to the legislation. Amendments that are of particular interest to taxing First Nations include the deletion of subsection 5(6) of the FMA; correcting a drafting inconsistency in section 7 by including reference to fee laws made under paragraph 5(1)(a.1); correcting a drafting inconsistency between section 6 and subsection 31(2) in respect of written representations made to the Commission; and new standard-making powers for the approval of delegation laws and taxation laws related to joint reserves. Taxing First Nations will also be impacted by certain “bijural” amendments — particularly, the new definitions that are now included in the FMA for “interest” and “right”.

The Commission has been updating its standards and sample laws to incorporate the new definitions.

The amendments also include two new regulatory powers: A new section 141.1 to enable the Governor-in-Council to make regulations to expand access to financing from the Authority to specified non-First Nation entities, and to enable the Board to provide services to those entities; and a new section 141.2 to enable regulations in respect of joint-reserve taxation.

In addition to amendments advanced by the fiscal Institutions, the FMA now includes a new Part V that enables FMA First Nations to request that Canada pay to the First Nation all moneys held for the use and benefit of the First Nation, including moneys to be collected or received by Her Majesty in the future. Part V sets out a process for a First Nation to make this request and includes a requirement for an approved financial administration law and approval of members through a community vote.

“Follow the road maps. Use the tools available. Believe in the dreams of your people.”

—Christina Clarke,  
Executive Director  
Songhees First Nation,  
2018 National Meeting





### Communications and *First Nations Gazette*

The objective of the Communications and *First Nations Gazette* 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, as well as to manage the *First Nations Gazette*. The *First Nations Gazette* provides a comprehensive source for First Nation legislation in Canada, including laws, by-laws and codes. It also provides a public notification service for matters affecting First Nations.



#### KEY ACCOMPLISHMENTS

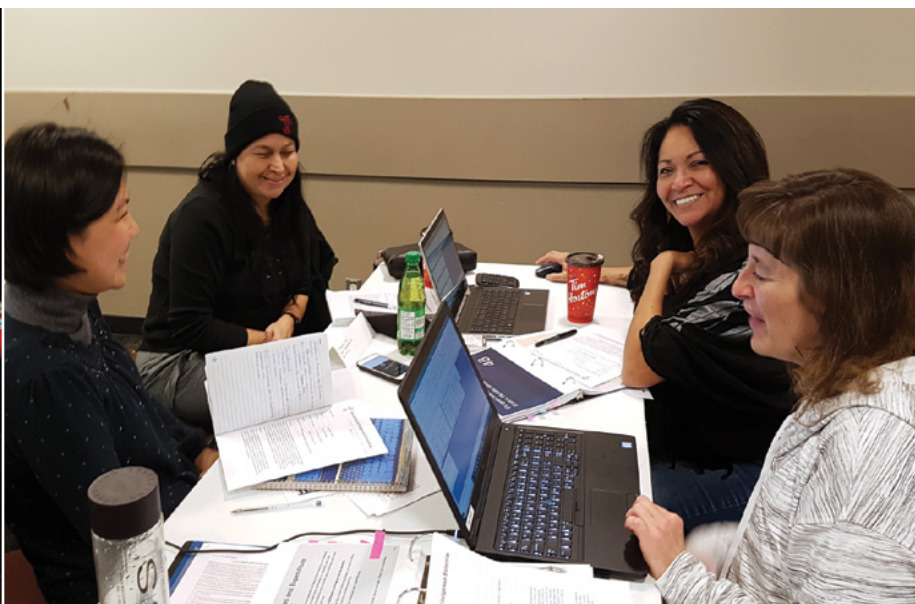
##### **Communications Support of other Business Lines**

– Throughout 2018-19, Communications co-ordinated, developed, and updated presentations and other communication materials, including information sheet series and newsletter inserts, to support other business lines. Websites for special initiatives, such as the First Nations Infrastructure Institute ([www.fnii.ca](http://www.fnii.ca)) and Indigenous Land Title Initiative ([www.ilti.ca](http://www.ilti.ca)), were also maintained.

**Clearing the Path Newsletter** – Communications published the quarterly electronic newsletter Clearing the Path.

**National Meeting Support** – Communications support was provided for the 2018 First Nations Leading the Way National Meeting, held in Richmond, B.C., that brought together FMA and FNLMA First Nations. A conference website, [www.FNleadingtheway.ca](http://www.FNleadingtheway.ca), was published to hold the conference information, be a portal to the online registration component, and host the live stream and other post-conference material, including graphic drawings, presentations, and delegate video interviews.

**First Nations Gazette** – In 2018-19, the *First Nations Gazette* was maintained and continued to operate its full range of online services through its website [www.fng.ca](http://www.fng.ca).





### FIRST NATIONS LEADING THE WAY – NATIONAL MEETING OF FMA & FNLMA FIRST NATIONS

First Nations who have chosen to work beyond the *Indian Act* came together to set the stage for the next generation of First Nations-led initiatives that will support our jurisdiction and expanded government powers for indigenous communities.

“Our Lands, Our Jurisdiction, Our Institutions: First Nations Leading the Way” was an evening reception and two day meeting held on May 15-17, 2018 in Richmond, BC. The national meeting hosted more than 320 delegates from more than 160 FMA and / or FNLMA First Nations communities across the country. Many delegates commented that it was the most forward-looking and optimistic First Nation-led meeting that they had ever attended.

The meeting showcased First Nations at the forefront of expanding jurisdiction and highlighted their achievements in using First Nation-led agreements and legislation to improve their economies through greater fiscal independence, improved financial management, debenture financing, and sound land governance. It was also an opportunity for First Nations to learn more about how the First Nation institutions and the Lands Advisory Board can support and enhance innovations in First Nations fiscal relations with the Crown.

The event featured several influential presentations, engaging panel discussions, thought-provoking films, interactive multimedia encouraging attendee participation and important First Nation-led proposals to be advanced.

The First Nations Tax Commission panel featuring Deanna Honeyman (Tzeachten), Ernest Jack (Penticton) and Kate McCue (Chippewas of Georgina Island) discussed the process of joining the FMA and setting up a taxation system, in addition to the benefits of First Nation tax jurisdiction and fiscal power.



**“We now have our own laws and we generate revenue to improve community infrastructure. Tax revenue allows us to provide housing and security in our community.”**

**—Deanna Honeyman, Tzeachten First Nation**

**“Independent revenue helps us move our community forward. We don’t have to wait for funding. I like revenue better than I like funding.”**

**—Ernest Jack, Penticton First Nation**



## 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, the Certificate in First Nation Applied Economics, and the Certificate in First Nation Applied Lands Management.

### KEY ACCOMPLISHMENTS

**Course Delivery** – In 2018-19, Education and the Tulo Centre delivered 10 accredited courses of the Certificate in First Nation Tax Administration program and the Certificate in Applied Economics.

**Regional Workshops** – In 2018-19, the FNTC and the Tulo Centre delivered or participated in the following eight regional workshops to First Nations and one to Indigenous Services Canada (ISC) departmental officials:

- **Winnipeg, MB:** *Realizing TLE-ATR Potential in Manitoba with Faster Better Service Agreements.* Participants: 30. First Nations represented: 10.
- **Toronto, ON:** *Ontario First Nation Jurisdiction.* Participants: 21. First Nations represented: 11.
- **Kenora, ON:** *Ontario First Nation Jurisdiction.* Participants: 50. First Nations represented: 7.
- **Winnipeg, MB:** *Collaborative Leadership Initiative Conference – Realizing TLE Potential in the Winnipeg Region.*
- **Regina, SK:** *Maximizing the Benefits of TLEs and Cannabis Taxation on Saskatchewan First Nation Lands.* Participants: 18. First Nations represented: 10.
- **Halifax, NS:** *Atlantic Region Negotiation Training. Facilitated by the Consensus Building Institute.*
- **Edmonton, AB:** *Expanding Alberta First Nation Jurisdiction.* Participants: 6. First Nations represented: 6.
- **Munsee Delaware First Nation, ON:** *London District Chief Council – Special Meeting on Taxation.* Participants: 20. First Nations represented: 8.
- **Winnipeg, MB:** Presentation to regional ISC officials.

**Webinar Series** – In 2018-19, the Education Department developed a series of eight webinars:

- Development Cost Charges
- FMA Annual Law Development
- FMA Fee Laws
- FMA Service Tax Laws
- Hotel Tax
- Introduction to First Nation Tax Administration
- Notice Requirements
- Property Transfer Tax

Education also maintained and provided support for the Tax Administration System (TAS), supported training in First Nation tax administration, maintained and updated the Tulo Centre website, supported Tulo Centre graduation and maintained alumni support.





### CELEBRATING 2018 TULO GRADUATES

The 2018 graduates from the Certificate in First Nation Tax Administration program were recognized at a graduation celebration dinner held in their honour. In attendance were the graduates, their guests, and representatives from the Tulo Centre and the First Nations Tax Commission.

Valedictorian Annamarie Demchuk delivered a speech reflecting on her experience in the program. “We are getting control back from what we should have had from the beginning. We’ve empowered ourselves,” she said.

Tulo Centre Chair, Mike LeBourdais, congratulated the graduates. “You are learning what is required to administer our governments,” he said. “We need the highest level of professionalism. That’s what makes this important.”

This year’s graduating class included:

- **Sheri Daniels**, Peguis First Nation
- **Delyla Daniels**, Tk’emlúps te Secwépemc
- **Anna Demchuk**, Enoch Cree Nation
- **Olivia Louie**, Tsal’alh
- **Shilo Shawanoo**, Chippewas of Kettle and Stony Point
- **Graham Wong**, N’Quatqua Nation



The graduates also participated in the Thompson Rivers University convocation. The graduates received their certificates along with other graduates from TRU’s School of Business and Economics. The certificate program is delivered in partnership between Thompson Rivers University, the FNTC and the Tulo Centre. The program focuses on establishing the legal framework required to support a First Nation taxation system and economic development.



“We are getting control back from what we should have had from the beginning. We’ve empowered ourselves.”

—**Annamarie Demchuk**, Valedictorian



## Dispute Management and Negotiations

The objective of Dispute Management and Negotiations business line is to prevent or provide for the timely resolution of disputes in relation to the application of local revenue laws in fulfilment of the Commission's purposes. The Dispute Management and Negotiations business area also supports negotiations related to the implementation of First Nations property taxation.

### KEY ACCOMPLISHMENTS

- Monitored and responded to legal challenges to the First Nations tax system, and where appropriate, intervened;
- Facilitation for Ontario First Nations and taxpayers to support tax jurisdiction implementation;
- Improvements to tax-based service agreement template for TLE First Nations in Manitoba and Saskatchewan;
- Service-agreement facilitation support to First Nations and local governments in British Columbia, Saskatchewan, and Manitoba;
- Support and research undertaken into fiscal sustainability analysis and options for Sweetgrass First Nation;
- Support and facilitation for British Columbia First Nation and taxpayers related to manufactured home assessment changes on Vancouver Island;
- Continued support to improve provincial assessment services to First Nations in Ontario, British Columbia, Saskatchewan and New Brunswick;
- Presentations about new fiscal power proposals for cannabis and resources to provincial governments in British Columbia, Manitoba, Ontario and New Brunswick, as well as the federal Department of Finance; and
- Commissioner training provided through mock s.33 hearing.

### FNTC IMPROVES SERVICE-AGREEMENT TEMPLATE TO SUPPORT URBAN RESERVES AND TLEs

The FNTC first developed a tax-based service-agreement template agreement in 2015. This template has been used by the FNTC to facilitate faster and fairer service agreements between tax-collecting First Nations and local governments.

As more First Nations create urban reserves as a result of Treaty Land Entitlements (TLEs) and Additions to Reserves (ATRs), the FNTC identified a need to adjust its service-agreement template in 2018-19. Specific improvements were advanced to recognize requirements for more services, the use of more FMA fiscal powers and the need for better land and tax jurisdiction co-ordination with local governments.

The FNTC has begun to work with interested First Nations, First Nation organizations and local governments in Manitoba to refine and improve this template. In 2018, the FNTC presented a version of this template to the Brokenhead Ojibway Nation, the Treaty Land Entitlement Committee (TLEC), and the Collaborative Leadership Initiative.

The FNTC expects that the completion of an improved template for First Nation and local governments will lead to more tax-collecting First Nations, better service agreements, faster TLEs and ATRs, better opportunities for joint land-use and infrastructure planning, and greater fiscal and economic benefits for First Nations and local governments. As this improved template is used by more First Nations and local governments, the FNTC expects to facilitate more tax-based government-to-government service agreements in the future.

# MISSION

The mission of the First Nations Tax Commission is to assist First Nation governments to build and maintain fair and efficient property tax regimes, and to ensure those First Nation communities, and their taxpayers, receive the maximum benefit from those systems.





# Financial Statements





# First Nations Tax Commission

## Financial Statements

For the year ended March 31, 2019

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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 reasonable quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and that the 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

#### Opinion

We have audited the financial statements of the First Nations Tax Commission ("FNTC"), which comprise the statement of financial position as at March 31, 2019, and the statement of change in net financial assets, statement of financial activities and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the FNTC as at March 31, 2019, and its results of operations 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*.

#### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the FNTC in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation 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.

In preparing the financial statements, management is responsible for assessing the FNTC's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the FNTC or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the FNTC's financial reporting process.

#### Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 FNTC's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the FNTC's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the FNTC to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



**Chartered Professional Accountants**

**Kamloops, British Columbia**

**June 26, 2019**

BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

## First Nations Tax Commission Statement of Financial Position

As at March 31	2019	2018
<b>Financial Assets</b>		
Cash (Note 3)	\$ 3,440,575	\$ 2,376,085
Accounts receivable (Note 4)	<u>96,915</u>	<u>85,542</u>
	<u>3,537,490</u>	<u>2,461,627</u>
<b>Liabilities</b>		
Accounts payable (Note 5)	1,324,503	804,065
Contracts payable (Note 6)	1,806,864	1,635,053
Deferred revenue (Note 11)	<u>377,091</u>	<u>-</u>
	<u>3,508,458</u>	<u>2,439,118</u>
<b>Net financial assets</b>		
	<u>29,032</u>	<u>22,509</u>
<b>Non-financial Assets</b>		
Prepaid expenses	64,728	77,231
Tangible capital assets (Note 7)	<u>352,570</u>	<u>386,466</u>
	<u>417,298</u>	<u>463,697</u>
<b>Accumulated Surplus</b> (Note 12)	<u>\$ 446,330</u>	<u>\$ 486,206</u>

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	2019	2018
<b>Annual surplus (deficit)</b>	\$ -	\$ (39,876)	\$ (5,086)
Acquisition of tangible capital assets	-	(197,367)	(353,525)
Amortization of tangible capital assets	-	231,263	244,617
	-	(5,980)	(113,994)
Acquisition of prepaid expenses	-	12,503	(34,657)
<b>Net change in net financial assets</b>	-	6,523	(148,651)
<b>Net financial assets, beginning of year</b>	22,509	22,509	171,160
<b>Net financial assets, end of year</b>	\$ 22,509	\$ 29,032	\$ 22,509

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	2019	2018
<b>Revenue</b>			
Government of Canada			
Corporate Plan	\$ 6,834,000	\$ <b>6,834,000</b>	\$ 6,147,450
Research and other special projects			
First Nations Infrastructure Institution	1,394,172	<b>1,229,776</b>	764,041
National Meeting 2018	753,189	<b>753,189</b>	75,600
Toward an Improved First Nations			
Fiscal Relationship	337,831	<b>337,831</b>	552,597
National Meeting 2019	480,600	<b>267,905</b>	-
Interest and other income			
Corporate Plan	10,000	<b>51,547</b>	24,961
	9,809,792	<b>9,474,248</b>	7,564,649
<b>Expenses</b>			
Corporate Plan	6,844,000	<b>6,925,423</b>	6,177,497
Research and other special projects			
First Nations Infrastructure Institution	1,394,172	<b>1,229,776</b>	764,041
National Meeting 2018	753,189	<b>753,189</b>	75,600
Toward an Improved First Nations			
Fiscal Relationship	337,831	<b>337,831</b>	552,597
National Meeting 2019	480,600	<b>267,905</b>	-
	9,809,792	<b>9,514,124</b>	7,569,735
<b>Annual deficit</b>	-	<b>(39,876)</b>	(5,086)
<b>Accumulated surplus, beginning of year</b>	486,206	<b>486,206</b>	491,292
<b>Accumulated surplus, end of year</b>	\$ 486,206	<b>\$ 446,330</b>	\$ 486,206

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	2019	2018
<b>Operating activities</b>		
Annual deficit	\$ (39,876)	\$ (5,086)
Items not involving cash		
Amortization	231,263	244,617
Changes in non-cash operating balances		
Accounts receivable	(11,373)	(11,555)
Prepaid expenses	12,503	(34,657)
Accounts payable and contracts payable	692,249	67,225
Deferred revenue	377,091	-
<b>Cash flows from operating activities</b>	<b>1,261,857</b>	<b>260,544</b>
<b>Capital activity</b>		
Purchase of tangible capital assets	(197,367)	(353,525)
<b>Net increase (decrease) in cash</b>	<b>1,064,490</b>	<b>(92,981)</b>
<b>Cash, beginning of year</b>	<b>2,376,085</b>	<b>2,469,066</b>
<b>Cash, end of year</b>	<b>\$ 3,440,575</b>	<b>\$ 2,376,085</b>

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, 2019

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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*

Government contracts are recognized as revenue in the year in which the related expenses are incurred, and the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest and other income are recognized as revenue when earned.

##### *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:

Asset	Rate
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.

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## First Nations Tax Commission

### Notes to Financial Statements

March 31, 2019

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#### 1. Significant Accounting Policies (Cont.)

##### Segmented Information

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, a Deputy Chief Commissioner, and seven 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.

##### 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") financial management and control 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.

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## First Nations Tax Commission

### Notes to Financial Statements

March 31, 2019

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#### 1. Significant Accounting Policies (Cont.)

##### 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 who have adopted property taxation.

##### First Nations Gazette

The Gazette business line manages the publication and distribution of the *First Nations Gazette*. 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 Development and Review; Legislative Affairs

The Law/By-law Development and Review; Legislative Affairs 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 Development and Review; Legislative Affairs business line also develops sample laws under the FMA and by laws under s.83 of the *Indian Act*. The Law/By-law Development and Review; Legislative Affairs business line reviews and liaises with Indigenous Services Canada ("ISC") 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 and 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, 2019

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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 the 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

	2019	2018
Goods and Services/Harmonized Sales Tax rebates receivable	\$ 80,808	\$ 71,979
Other	16,107	13,563
	<u>\$ 96,915</u>	<u>\$ 85,542</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, 2019 is \$319,484 (2018 – \$380,300) of accrued benefits payable based on an actuarial report dated March 31, 2018.

## First Nations Tax Commission

### Notes to Financial Statements

March 31, 2019

#### 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, 2019, all accrued amounts are planned for completion as part of current funded initiatives.

#### 7. Tangible Capital Assets

	2019			2018		
	Leasehold Improvements	Equipment, Furniture & Fixtures	Total	Leasehold Improvements	Equipment, Furniture & Fixtures	Total
Cost, beginning of year	\$ 540,466	\$ 1,397,524	\$ 1,937,990	\$ 445,811	\$ 1,138,654	\$ 1,584,465
Additions	83,074	114,293	197,367	94,655	258,870	353,525
Disposals	-	-	-	-	-	-
Cost, end of year	623,540	1,511,817	2,135,357	540,466	1,397,524	1,937,990
Accumulated amortization, beginning of year	376,586	1,174,938	1,551,524	316,451	990,456	1,306,907
Amortization	65,466	165,797	231,263	60,135	184,482	244,617
Accumulated amortization, end of year	442,052	1,340,735	1,782,787	376,586	1,174,938	1,551,524
Net carrying amount, end of year	\$ 181,488	\$ 171,082	\$ 352,570	\$ 163,880	\$ 222,586	\$ 386,466

#### 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 \$6,834,000 (2018 – \$6,147,450) 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.

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## First Nations Tax Commission

### Notes to Financial Statements

March 31, 2019

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#### 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.

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#### 10. Commitments

FNTC entered into an operating lease for its premises in Ottawa, ON. The office is leased at base rent of \$7,586 per month plus applicable taxes under a lease expiring in March 2023.

FNTC entered into an operating lease for its premises in Kamloops, BC. The office is leased at base rent of \$6,997 per month plus applicable taxes under a lease expiring in March 2021.

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 – \$569 per month plus applicable taxes with lease expiration dates ranging from July 2019 – January 2022.

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

2020	\$	175,002
2021		179,563
2022		95,600
2023		91,027
2024		91,027
	\$	<u>632,219</u>

## First Nations Tax Commission Notes to Financial Statements

**March 31, 2019**

### 11. Deferred Revenue

Deferred revenue represents Government of Canada funding received for programs to be carried out in the following fiscal year.

	Balance March 31, 2018	<b>Funding Received 2019</b>	<b>Revenue Recognized 2019</b>	<b>Balance March 31, 2019</b>
Corporate Plan	\$ -	\$ 6,834,000	\$ (6,834,000)	\$ -
First Nations Infrastructure Institution	-	1,394,172	(1,229,776)	164,396
National Meeting 2019	-	753,189	(753,189)	-
Toward an Improved First Nations Fiscal Relationship	-	337,831	(337,831)	-
National Meeting 2019	-	480,600	(267,905)	212,695
	\$ -	\$ 9,799,792	\$ (9,422,701)	\$ 377,091

### 12. Accumulated Surplus

The Commission segregates its accumulated surplus in the following categories:

	<b>2019</b>	2018
Investment in tangible capital assets	\$ 352,570	\$ 386,466
Operational surplus	93,760	99,740
	<b>\$ 446,330</b>	<b>\$ 486,206</b>

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

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## First Nations Tax Commission

### Notes to Financial Statements

March 31, 2019

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#### 13. Statements of Expenditures by Object

	2019	2018
Amortization	\$ 231,263	\$ 244,617
Goods and services	6,336,895	4,897,171
Salaries and honorarium	2,945,966	2,427,947
	<b>\$ 9,514,124</b>	<b>\$ 7,569,735</b>

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#### 14. Comparative Figures

Certain of the 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, 2019

### 15. Segmented Information

For the year ended March 31, 2019	Commission Services	Communications	Corporate Services	Dispute Management and Negotiations	Education	First Nations Gazette	Law/By-law Development and Review, Legislative Affairs	Policy Development	Research and Other Special Projects	2019 Total
<b>Revenue</b>										
Government of Canada	\$ 971,591	\$ 869,666	\$ 1,505,162	\$ 285,503	\$ 852,250	\$ 133,423	\$ 1,427,752	\$ 788,653	\$ 2,588,701	\$ 9,422,701
Interest and other income	-	-	51,547	-	-	-	-	-	-	51,547
	971,591	869,666	1,556,709	285,503	852,250	133,423	1,427,752	788,653	2,588,701	9,474,248
<b>Expenses</b>										
Salaries and honoraria	567,091	192,334	831,128	44,035	219,777	-	747,955	343,646	-	2,945,966
Goods and services	289,855	618,496	581,857	291,635	692,641	84,797	724,835	464,078	2,588,701	6,336,895
Amortization	13,030	9,518	176,960	-	3,262	14,692	7,993	5,808	-	231,263
	869,976	820,348	1,589,945	335,670	915,680	99,489	1,480,783	813,532	2,588,701	9,514,124
<b>Net surplus (deficit)</b>	\$ 101,615	\$ 49,318	\$ (33,236)	\$ (50,167)	\$ (63,430)	\$ 33,934	\$ (53,031)	\$ (24,879)	\$ -	\$ (39,876)

For the year ended March 31, 2018	Commission Services	Communications	Corporate Services	Dispute Management and Negotiations	Education	First Nations Gazette	Law/By-law Development and Review, Legislative Affairs	Policy Development	Research and Other Special Projects	2018 Total
<b>Revenue</b>										
Government of Canada	\$ 893,085	\$ 786,336	\$ 1,332,898	\$ 222,770	\$ 624,796	\$ 120,518	\$ 1,373,116	\$ 793,931	\$ 1,392,238	\$ 7,539,688
Interest	-	-	24,961	-	-	-	-	-	-	24,961
	893,085	786,336	1,357,859	222,770	624,796	120,518	1,373,116	793,931	1,392,238	7,564,649
<b>Expenses</b>										
Salaries and honoraria	600,419	212,847	470,856	65,615	192,420	-	576,979	308,811	-	2,427,947
Goods and services	234,841	540,555	686,144	187,661	513,594	71,698	838,398	432,042	1,392,238	4,897,171
Amortization	7,364	18,440	186,694	-	3,246	14,692	7,474	6,707	-	244,617
	842,624	771,842	1,343,694	253,276	709,260	86,390	1,422,851	747,560	1,392,238	7,569,735
<b>Net surplus (deficit)</b>	\$ 50,461	\$ 14,494	\$ 14,165	\$ (30,506)	\$ (84,464)	\$ 34,128	\$ (49,735)	\$ 46,371	\$ -	\$ (5,086)

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HORIZONTAL  
RELATIONSHIPS



# First Nations Tax Commission

## Statements of Financial Activities

For the year ended March 31, 2019

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## Notice to Reader

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On the basis of information provided by management, we have compiled the statements of financial activities for various programs of the First Nations Tax Commission for the ended March 31, 2019.

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.

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

Chartered Professional Accountants  
Kamloops, British Columbia  
June 26, 2019

**First Nations Tax Commission**  
**Schedule 1 – Corporate Plan**  
**(Unaudited – See Notice to Reader)**

<b>For the year ended March 31</b>	Financial plan	<b>2019</b>	2018
<b>Revenue</b>			
Government of Canada	\$ 6,834,000	<b>\$ 6,834,000</b>	\$ 6,147,450
Interest and other income	10,000	<b>51,547</b>	24,961
	6,844,000	<b>6,885,547</b>	6,172,411
<b>Expenses</b>			
Commission Services	971,591	<b>869,976</b>	842,624
Communications	869,666	<b>820,349</b>	771,842
Corporate Services	1,515,162	<b>1,589,946</b>	1,343,693
Dispute Management and Negotiations	285,503	<b>335,670</b>	253,276
Education	852,250	<b>915,679</b>	709,260
First Nations Gazette	133,423	<b>99,488</b>	86,390
Law/By-law Development and Review; Legislative Affairs	1,427,752	<b>1,480,783</b>	1,422,851
Policy Development	788,653	<b>813,532</b>	747,561
	6,844,000	<b>6,925,423</b>	6,177,497
<b>Deficiency of revenues over expenditures</b>	\$ -	<b>\$ (39,876)</b>	\$ (5,086)

**First Nations Tax Commission**  
**Schedule 2 – First Nations Infrastructure Institution (FNII)**  
**(Unaudited – See Notice to Reader)**

<b>For the year ended March 31</b>	Financial plan	<b>2019</b>	2018
<b>Revenue</b>			
Government of Canada	\$ 1,394,172	<b>\$ 1,229,776</b>	\$ 764,041
<b>Expenses</b>			
Communications Strategy	237,900	<b>245,962</b>	83,230
Partnering with Regional Initiatives	230,000	<b>122,582</b>	-
Engagement Process	244,500	<b>230,267</b>	198,061
FNII Design Concept	134,000	<b>189,083</b>	417,262
Proof of Concept	273,500	<b>166,140</b>	-
Technical Development of Legislative Requirements	171,000	<b>172,470</b>	8,760
Coordination and Strategic Planning	103,272	<b>103,272</b>	56,728
	<u>1,394,172</u>	<u><b>1,229,776</b></u>	<u>764,041</u>
<b>Excess of revenue over expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**First Nations Tax Commission**  
**Schedule 3 – First Nations FMA National Meeting 2018**  
**(Unaudited – See Notice to Reader)**

<b>For the year ended March 31</b>	Financial plan	<b>2019</b>	2018
<b>Revenue</b>			
Government of Canada	\$ 753,189	<b>\$ 753,189</b>	\$ 75,600
<b>Expenses</b>			
Event Planning, Coordination & Registration Support Services	92,000	<b>93,496</b>	30,000
Administration & Reporting	145,792	<b>156,845</b>	5,600
Venue Rental & Catering	96,897	<b>111,277</b>	-
Media & Translation Services	64,500	<b>47,388</b>	-
Communications, Materials & Supplies	24,000	<b>31,652</b>	40,000
Travel & Accommodation First Nation Delegates	330,000	<b>312,531</b>	-
	753,189	<b>753,189</b>	75,600
<b>Excess of revenue over expenditures</b>	\$ -	<b>\$ -</b>	\$ -

**First Nations Tax Commission**  
**Schedule 4 – Toward an Improved**  
**First Nations Fiscal Relationship**  
**(Unaudited – See Notice to Reader)**

<b>For the year ended March 31</b>	Financial plan	<b>2019</b>	2018
<b>Revenue</b>			
Government of Canada	\$ 337,831	<b>\$ 337,831</b>	\$ 552,597
<b>Expenses</b>			
First Nations Cannabis Tax Option	119,000	<b>133,370</b>	-
Ontario First Nations Tobacco Tax Jurisdiction	27,500	<b>28,441</b>	-
First Nations GST Option in the FMA	26,200	<b>25,625</b>	-
Aboriginal Resource Fee	28,100	<b>29,170</b>	288,723
Improved First Nation Fiscal Relationship	112,100	<b>97,489</b>	-
Indigenous Land Title Initiative	-	-	263,874
Administration & Reporting	24,931	<b>23,736</b>	-
	337,831	<b>337,831</b>	552,597
<b>Excess of revenue over expenditures</b>	\$ -	<b>\$ -</b>	\$ -

**First Nations Tax Commission**  
**Schedule 5 – First Nations FMA Institutions**  
**and LAB National Meeting 2019**  
**(Unaudited – See Notice to Reader)**

<b>For the year ended March 31</b>	Financial plan	<b>2019</b>	2018
<b>Revenue</b>			
Government of Canada	\$ 480,600	\$ <b>267,905</b>	\$ -
<b>Expenses</b>			
Venue Rental & Catering	11,500	<b>68,000</b>	-
Media & Translation Services	27,000	<b>11,510</b>	-
Event Planning, Coordination & Registration			
Support Services	186,500	<b>142,500</b>	-
Communications, Materials & Supplies	42,000	<b>8,589</b>	-
Travel & Accommodation	178,000	<b>1,706</b>	-
Administration & Reporting	35,600	<b>35,600</b>	-
	480,600	<b>267,905</b>	-
<b>Excess of revenue over expenditures</b>	\$ -	\$ -	\$ -

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