

# First Nations Tax Commission Annual Corporate Plan

2007/2008

June 20 2007



First Nations Tax Commission

Commission de la fiscalité des premières nations

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# EXECUTIVE SUMMARY

The First Nations Tax Commission (FNTC) will begin operation in July 2007. The FNTC is a shared governance institution with a head office in Kamloops, BC and an eastern office in Ottawa. The FNTC will be acquiring the corporate assets, policies and procedures and human resources of the Indian Taxation Advisory Board (ITAB), which has operated since 1988.

The mandate of the FNTC is provided by s.29 of the *First Nations Fiscal and Statistical Management Act* (FSMA). 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.

The FNTC operates in the larger context of First Nation issues. The FNTC is more than property tax. It will reduce the barriers to economic development on First Nation lands, increase investor certainty, and enable First Nations to be part of their regional economies. It will fill the institutional vacuum that has prevented First Nations from participating in the market economy. It will create a national regulatory framework for First Nation tax systems that meets or exceeds provincial standards.

The FNTC will work in six business lines to fulfill its mandate:

1. Corporate Services and Gazette
2. Policy Development
3. Bylaw and Law Review & Regulations
4. Education
5. Communications
6. Dispute Management

In addition to First Nations scheduled on the FSMA, the FNTC will also provide policy development, by-law review, education, communications and dispute resolution services to First Nations collecting property taxes under the authority of s. 83 of the *Indian Act*.

The FNTC also proposes to work on projects relating to land title certainty, an FSMA infrastructure program, open market housing, expediting the additions to reserves process, and expanding First Nation taxation options beyond property taxation. These projects are priorities for Canada and First Nations.

This corporate plan describes the methods and infrastructure that the FNTC will establish in the next fiscal year in support of First Nation local revenue systems. It describes how the FNTC will implement the spirit and the letter of the FSMA.

This corporate plan identifies external risks to the FNTC during the next fiscal year relating to unexpected demand for services, delays in accreditation processes and insufficient support to implement projects. This corporate plan presents strategies to manage these risks. It also presents objectives, strategies, and performance measures for each FNTC service area. The corporate plan presents an accountability framework consistent with Part 6 of the FSMA.

The financial plan is consistent with Part 6 of the FSMA and Treasury Board guidelines. The 2007/2008 financial plan is summarized below:

FNTC Financial Plan Nine Months Ending March 31, 2008	
Commission Costs	\$ 556,292
Corporate Services	736,498
Gazette	263,835
Policy Development	787,229
Education	356,735
Dispute Management	161,918
Communications	738,724
Bylaw, Law Review and Regulations	878,375
<b>Operating Costs Total</b>	<b>\$ 4,479,606</b>
Capital planning and relocation costs	429,400
<b>Operating and Capital cost total</b>	<b>\$ 4,909,006</b>

*Table 1. 2007/2008 Financial Plan*

## Mandate

The mandate of the First Nations Tax Commission is provided by s.29 of the *First Nations Fiscal and Statistical Management Act*.

29. 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.

The mandate of the First Nations Tax Commission is provided by s.29 of the First Nations Fiscal and Statistical Management Act

## Mission

The mission of the FNTC 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.

It will achieve this mission by working with First Nations and stakeholders to:

- develop, implement, and enforce an appropriate regulatory framework;
- identify education needs and develop and offer programs to meet those needs;
- prevent and resolve disputes; and
- support economic development on First Nation lands, in part through services to, and coordination with, the three other First Nation fiscal and statistical institutions.

Through an agreement with the Minister, the FNTC will also assume the ITAB mandate by providing services to First Nations exercising property tax jurisdiction under s.83 of the Indian Act, including advising the Minister regarding the approval of s.83 bylaws.

## Corporate Structure

The FNTC is a shared governance institution consisting of ten Commissioners, including a Chief Commissioner and a Deputy Chief Commissioner. Nine of the Commissioners are appointed by the Governor-in-Council at the recommendation of the Minister of Indian Affairs and Northern Development, including the Chief Commissioner, Deputy Chief Commissioner, the Commercial Taxpayer Commissioner, the Residential Taxpayer Commissioner, and the Utility Taxpayer Commissioner. One Commissioner is appointed, pursuant to an FSMA regulation, by the Native Law Centre of Canada at the University of Saskatchewan. The Chief Commissioner is the CEO of the FNTC.

The FNTC maintains a head office on the reserve lands of the Kamloops Indian Band (s.26 (1) FSMA) as well as an office in Ottawa (s.26 (2) FSMA). The FNTC is supported by a staff of twenty one. Professionals with expertise related to the FNTC mandate will also assist the FNTC on a contract basis.

The FNTC will operate 6 business lines as illustrated below.

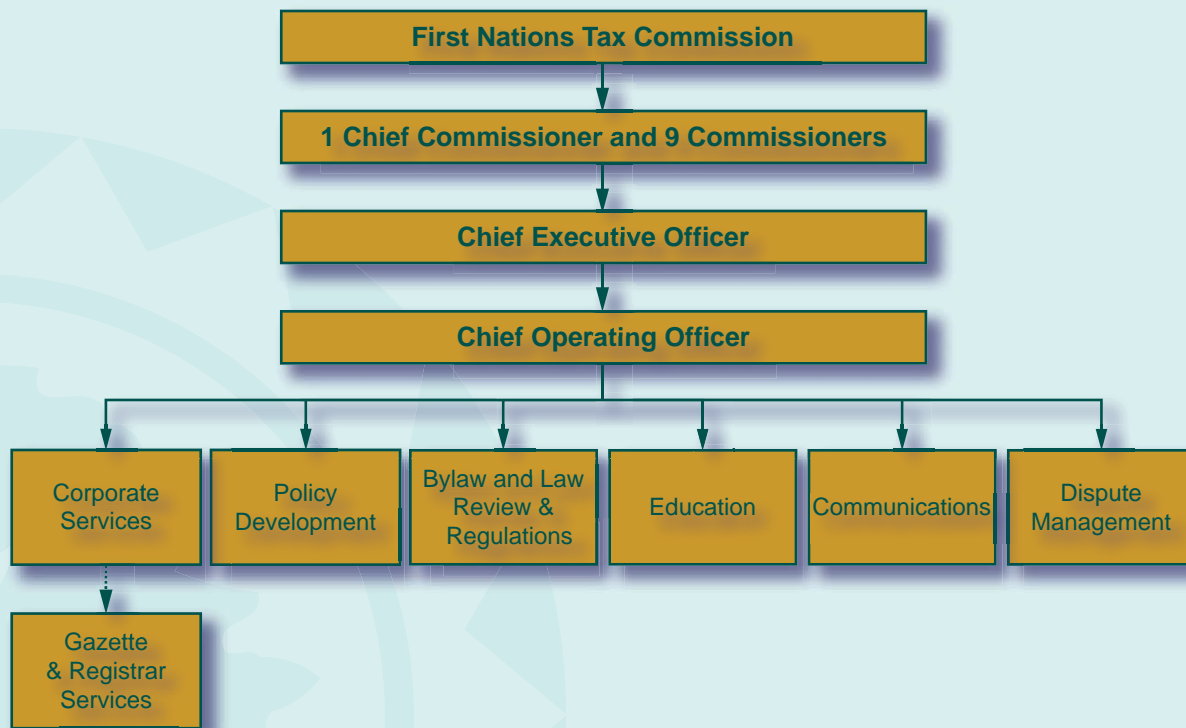


Figure 1. Business Lines of the FNTC

## Governance

The FNTC will establish effective governance practices, policies and committee structures modelled after those currently used by the ITAB. Until such time as the FNTC has these in place and as per s.143(2), the Commission will conduct itself in accordance with the ITAB rules of procedure.

The ITAB Management Policy was built around the principle of single point accountability. In general, the management policy specifies decision making systems, working relationships, staff responsibilities, contracting policies, financial management, auditing procedures and communication procedures. The management policy is comprehensive and contains policies relating to a number of topics including:

- Conflict of Interest; s.132(1)(2)(3)
- Proceedings for Meetings;
- Committees;
- Human Resource Policy;
- Financial Management Policy;
- Purchasing Policy; and
- Travel Policy.

The ITAB Management Policy served the Board in its advisory capacity. In developing its own policies the FNTC, a shared governance institution, will expand and restructure the ITAB policy framework to provide for the corporate governance requirements of the Commission. The policy change will distinguish governance from operational policies.

The FNTC will retain the executive management committee. It will consist of the Chief Commissioner, the Deputy Chief Commissioner and the Chief Operating Officer. The executive management committee will be chaired by the Chief Commissioner and make recommendations on all aspects of operations to the FNTC.

The FNTC will also establish an audit committee (s.125 FSMA). It will be tasked with selecting the auditor and reviewing the annual audit with the auditor.

The FNTC may also establish special projects committees. In 2007/2008 the FNTC will develop proposals to seek dedicated funding for a number of special initiatives including at least:

- An FSMA infrastructure program – The FNTC will work with Canada to create an infrastructure program that would help more First Nations realize the benefits of the FSMA.
- The First Nation GST – The FNTC will continue to work with the Department of Finance and the Canadian Revenue Agency to help First Nations understand and perhaps implement the First Nation GST.
- Open market housing – The FNTC will work with interested First Nations to facilitate more First Nation home ownership through long term leasehold residential development on their lands.
- Expediting Additions to Reserve – The FNTC will work with Canada to help develop options to expedite additions to reserves.
- The First Nation Land Title Initiative – The FNTC will work with Canada and interested First Nation to explore options that improve land title certainty on First Nation lands.



In their initial phases, each of these special initiatives involves advocacy, consultation, research and the preparation of communication materials. It is possible that as they progress they may involve legislation and/or the development and delivery of ongoing FNTC services. If funded, FNTC special committees for each initiative will ensure that these projects are successfully implemented. If warranted, any special committee will be chaired by an FNTC commissioner and will include staff and professionals as required.

The FNTC will also create boards and review bodies, consisting of Commissioners, to ensure effective service delivery for the First Nation Gazette, the s.33 (FSMA) complaints process and First Nation tax administrator certification. The First Nation Gazette Editorial Board will establish standards and procedures for the publication of the First Nation Gazette. The s.33 (FSMA) complaints administrative tribunal will establish the procedures for and manage the conduct of s.33 (FSMA) complaints. The FNTC education board will establish the certification standards for the accredited certificate in First Nation Economics and Public Finance (taxation).



## Assessment of Previous Results

2007/2008 will be the first year of operations for the First Nations Tax Commission.

## Analysis of External Business Environment

The FNTC operates in the larger context of First Nation issues and barriers to economic development on First Nation lands. The fiscal, economic, and political costs of market failure on First Nation lands are large and growing. Unless this market failure is corrected, First Nation poverty will continue to impose increasing costs on the Canadian taxpayer and impact Canadian productivity.

The *Indian Act* has significantly impeded investment and development on First Nation lands. This in turn has meant that the public institutions and infrastructure that provide the foundation for a positive investment climate do not exist in the First Nation context. As well, First Nation administrations lack investment facilitation skills and experience.

The FNTC will begin to fill the institutional vacuum that has existed for First Nations. It will accomplish this by increasing the value of the First Nation property tax system, by being a part of the First Nations fiscal institutions initiative and enabling First Nations to access debenture financing, as well as through other initiatives such as assisting First Nations in assuming First Nation GST jurisdiction, creating on-reserve open market housing, and improving the First Nation land title system.

The modern era of property taxation on First Nations land began in 1989 after the passage of the Kamloops Amendments to the *Indian Act*. Initially, it was assumed that at most twenty First Nations would exercise property tax jurisdiction. Today, there are 113 First Nations collecting property tax, with approximately another ten First Nations developing property tax systems.

The ITAB oversaw the development of the First Nation property tax system. It assisted First Nations in assuming property tax jurisdiction, established a body of policy, developed sample bylaws, recommended bylaws for approval by the Minister, and published them in the First Nations Gazette. It developed software and training courses for tax administrators. It assisted First Nations informally in negotiating service agreements with municipalities and resolving disputes with their taxpayers.

The ITAB faced many challenges. In BC and Quebec, First Nation property tax jurisdiction had to be reclaimed from municipalities and provincial legislation was required to formalize that transfer of jurisdiction. Some taxpayers were reluctant to recognize First Nation jurisdiction. The ITAB has had to adapt to a different legal environment than that experienced by municipalities. It had to balance the competing objectives of harmonization with the province in which the First Nation is located and consistency across all First Nations. It has ensured that the needs and interests of diverse and increasingly sophisticated groups of taxpayers are respected. There has also been resistance to change from within some parts of government and from some First Nations.

The benefits of First Nation property tax regimes to date go beyond property tax revenues. Exercising property tax jurisdiction has built administrative capacity and a business culture in many First Nations. First Nations have the means to improve their infrastructure and thereby attract more private investment and promote economic development. This investment has created jobs and has increased lease revenues, which help to build stronger, healthier First Nation communities. Taxpayers have obtained additional development opportunities, improved services, and profitable investments. Canadians have benefited from the regional impact of economic growth, employment growth, and additional revenues to other governments, and reduction in the costs of First Nation poverty.

The FNTC is the successor to the ITAB. It will be the regulator, adjudicator, and educator for the property tax system, and will continue to work with First Nations and others to reduce barriers to investment on First Nation lands through the FSMA and other initiatives.

Currently, 28 First Nations have requested to be added to the FSMA Schedule. Some of these are First Nations that have exercised property tax jurisdiction under the Indian Act, and some are entering property tax jurisdiction for the first time. The FNTC will continue to oversee and administer First Nation property taxation and recommend bylaws for approval by the Minister under s.83 of the *Indian Act* through a Memorandum of Understanding (MOU) with the Minister of Indian Affairs for those First Nations that choose to exercise their property tax jurisdiction under the *Indian Act*.

The FNTC will continue the relationships that the ITAB established through MOU's with the following organizations:

- First Nation Finance Authority (FNFA)
- First Nation Management Board (FMB)
- Canadian Energy and Pipeline Association
- Federation of Canadian Municipalities – Centre for Municipal Aboriginal Affairs
- Consensus Building Institute of the MIT – Harvard Public Disputes Program, Harvard Native American Program.

- University of Saskatchewan – Native Law Centre
- First Nation Tax Administrators Association
- First Nation Lands Advisory Board

In 2007/2008 the FNTC will develop new MOU's with the following organizations:


1. The First Nation Statistical Institute (FNSI)
2. Thompson Rivers University (TRU)

## External Risks and Strategies

The FNTC has conducted an assessment of external risks and has developed strategies to address each risk. The following external risks have been identified:

- The amount of time it will take First Nations to convert their laws to comply with the FSMA framework is uncertain;
- The FNFA will want to issue debentures for qualified First Nations scheduled on the FSMA as soon as possible;
- First Nations participating in FSMA will have high expectations for immediate access to capital through debentures;
- The amount of time it will take to develop, in cooperation with the other FSMA institutions, a comprehensive FSMA borrowing structure is uncertain;
- Financial support for a First Nation infrastructure program to help First Nations participate in FSMA borrowing and complete the associated FSMA borrowing requirements has not been secured;
- Canada will determine the role of the FNTC in special projects relating to First Nations Goods and Services Tax (FNGST), expediting additions to reserve, open market housing and land title certainty during 2007/2008;

- The amount of time it will take to develop the supportive agreements and accreditation through Thompson Rivers University to create an accredited certificate program in First Nation Public Administration (Taxation) is uncertain;
- The number of s.33 (FSMA) complaints to be launched between January and March 2008 is unknown;
- The number of First Nations who will want to have presentations from the FNTC on the new system is growing; and
- The number of First Nations who may want to have their name withdrawn from a schedule, thereby potentially affecting the borrowing pool, is unknown.



It will be the regulator, adjudicator, and educator for the property tax system, and will continue to work with First Nations and others to reduce barriers to investment on First Nation lands through the FSMA and other initiatives.

The following table summarizes the projected risks and suggested strategies for the FNTC 2007/2008 corporate plan.

Risk	Strategy
The amount of time it will take First Nations to convert their laws to comply with the FSMA framework	<ul style="list-style-type: none"> <li>Develop sample laws to ease transition</li> <li>Allocate resources and staff to work with scheduled First Nations</li> <li>Create FSMA law conversion program for scheduled First Nations</li> </ul>
Demand from other institutions and First Nations relating to debentures and other institutional coordination issues	<ul style="list-style-type: none"> <li>Identify discrete projects with timelines with other institutions</li> <li>Complete MOU's with other institutions by August 2007</li> <li>Allocate start up resources to extra meetings and consultation</li> <li>Publish special edition of the First Nation Gazette for debenture related standards and procedures</li> </ul>
FNTC role in FNGST and other projects uncertain	<ul style="list-style-type: none"> <li>Continue communications with Department of Finance on FNGST</li> <li>Continue communication on other projects</li> <li>Reallocate resources as required</li> </ul>
Infrastructure Program not implemented	<ul style="list-style-type: none"> <li>Continue work with DIAND and other agencies</li> <li>Allocate resources to infrastructure program design</li> <li>Consider joint work with First Nation leadership group or other institutions</li> </ul>
Accreditation development time underestimated	<ul style="list-style-type: none"> <li>Devote resources to accreditation process for summer 2007</li> <li>Increase resources assigned to project</li> <li>Work on agreement with Thompson Rivers University for summer 2007</li> </ul>
Demand for review of FSMA laws and s. 33 complaints higher than expected	<ul style="list-style-type: none"> <li>Address timing of scheduled First Nations</li> <li>Plan for FSMA law review to begin January 2008</li> <li>Plan for complaints process to begin January 2008</li> </ul>
Meeting and communications requests higher than expected	<ul style="list-style-type: none"> <li>Develop communications capacity and strategy by August 2007</li> <li>Reallocate resources as required</li> <li>Develop options for information delivery including website and partnering</li> </ul>
FSMA First Nation withdrawing from schedule	<ul style="list-style-type: none"> <li>Develop procedure with Canada for withdrawing name from schedule by March 2008</li> </ul>

Table 2. Strategies for the FNTC 2007/2008 Corporate Plan

## Assessment of Corporate Resources

The FNTC will be acquiring the corporate assets and human resources of the ITAB. Key corporate assets include ITAB policies and procedures, ITAB research, proprietary software designed for the First Nation property tax system, and the *First Nations Gazette*.

The FNTC is acquiring the nearly 20 years of ITAB experience. The ITAB has established credibility with First Nations, taxpayers and other governments. The ITAB has facilitated the resolution of disputes relating to service agreements and taxpayer services. It has delivered training for budget based tax rates, interest based negotiations, communications and real property assessment. It has recommended over 1000 First Nation by-laws to the Minister of Indian Affairs for approval and all recommendations have been accepted. The FNTC will thus acquire the considerable good will and excellent reputation of the ITAB.

S.143 of the FSMA states that ITAB staff are to be offered employment on the same terms and conditions with the FNTC. Additional staff members will also be recruited to meet the expanded mandate of the FNTC.

The financial plan describes the level of financial resources that the FNTC will require in 2007/2008. This plan incorporates best estimates of the anticipated demand for services based on the ITAB's 17 years of experience managing the First Nation property tax system, as well as feedback from First Nations that supported the FSMA. However, there is still uncertainty as it is the first year of operations for the FNTC.

If demand for services varies significantly from projections, then resources will have to be redistributed accordingly, and additional resources may be required. Examples where resource re-allocation may be required include:

- A large increase in First Nations wanting to enact local revenue laws;
- A large increase in the demand for government and public education about the new FNTC and the FSMA;
- A large increase in the number of disputes involving First Nation tax authorities and their taxpayers; or
- A large increase in demand for training.



New facilities are going to be required for the head office in Kamloops, BC, as well as the eastern office in Ottawa. The current head office will be inadequate for the FNTC therefore alternate accommodation will have to be obtained on the reserve lands of the Kamloops Indian Band. Accommodation options are being investigated, and will be the subject of a separate capital proposal. The current National Capital regional office is located in a federal government building in Ottawa that is scheduled for demolition/refit within 18 months. The FNTC will be looking to secure suitable alternative office space in Ottawa on a leasehold or purchase basis. Relocation itself will also require additional resources.

### FNTC Services to s.83 Tax Authorities

The FNTC will provide services to all property tax collecting First Nations whether they use the authority of the FSMA or s.83 of the Indian Act. The services to s.83 First Nations are unique from the services to FSMA First Nations. The table below summarizes the services that the FNTC will provide to s.83 First Nations.

s. 83 Service Area	FNTC Services to s. 83 tax authorities
Policy Development	<ul style="list-style-type: none"> <li>• Development, management and monitoring of 16 s.83 policy areas</li> <li>• Addressing emerging s.83 policy issues as required</li> <li>• Consulting on s. 83 policies with stakeholders</li> <li>• Reviewing and approving s.83 policies</li> <li>• Implementing policies through training and by-law review</li> </ul>
Bylaw Review	<ul style="list-style-type: none"> <li>• Development and management of s. 83 sample bylaws</li> <li>• Development and management of s. 83 by-law review standards</li> <li>• FNTC staff review of s. 83 by-laws as per standards</li> <li>• FNTC board review of s. 83 by-laws</li> <li>• Liaison with DIAND on s. 83 by-laws</li> </ul>
Education and Training	<ul style="list-style-type: none"> <li>• Develop, manage and monitor s. 83 course curricula</li> <li>• Deliver s.83 courses</li> <li>• Evaluate and improve s.83 courses</li> </ul>
Dispute Resolution	<ul style="list-style-type: none"> <li>• Provide suasion, education, training and facilitation services to s. 83 tax authorities as requested</li> <li>• Maintain informal s.83 complaints process with FNTC</li> <li>• Provide support to service agreement negotiations and negotiations with respect to jurisdiction</li> </ul>
Corporate Services and Registrar	<ul style="list-style-type: none"> <li>• Provide management and support to meet s. 83 administrative requirements</li> <li>• Register approved s.83 by-laws with DIAND and maintain a s.83 by-law registry</li> </ul>

Table 3. FNTC Services to s. 83 Tax Authorities

# OBJECTIVES, STRATEGIES, & PERFORMANCE MEASURES

Objectives, strategies, and performance measures have been identified for each FNTC service area:

1. Corporate Services and Gazette
2. Policy Development
3. Bylaw and Law Review and Regulation
4. Education (Certificate in taxation)
5. Communications
6. Dispute Management

## Corporate Services & Gazette

### Objective

The objective of Corporate Services is to establish and operate the FNTC in keeping with the FSMA and the business plan, in order to create an effective work environment for the other service areas (s. 114-131) and be responsible for the operation of the First Nations Gazette.

### Strategies

Corporate Services will establish and maintain accommodations for both the Commission's head office on the lands of the Kamloops Indian Band and for the eastern office. It will also obtain and maintain utility, security, and telecommunications services as well as office furnishings and equipment. In 2007/2008, Corporate Services will implement the FNTC capital and information management plans and develop a security clearance program.

Corporate Services will provide for the overall management of the Commission and the operations Secretariat. Services provided will include financial, human resources, benefit programs, insurance, audit and administrative services to the organization, and will be responsible for meeting corporate planning and reporting requirements as well as coordinating the annual general meeting. Corporate Services also has a lead role in meeting Access to Information and Privacy (ATIP) and official languages requirements, and in corporate policy development and implementation. In 2007/2008, Corporate Services will hire and train new staff. It will develop and implement a human resources and benefits plan. It will develop the annual report and corporate plan.

Corporate Services will prepare draft agendas and provide all of the logistics support for FNTC meetings. During 2007/2008, the FNTC will be required to make a great number of decisions relating to standards, procedures, sample laws, training courses, corporate management and planning. Most of the commissioners will be learning about the regulatory framework for the First Nation property tax system and the adjudicative role of the FNTC. This means that consensus building and decision making processes will take longer.

To help achieve this, the FNTC plans to have four full Commission meetings during its first nine months of operation. The frequency of the meetings will help ensure that FNTC decision processes are effective, informed and efficient.

Corporate Services will also be responsible for managing the FNTC audit, management and special projects committees and coordinating and delivering FNTC orientation sessions. It will also be responsible for supporting commissioner appointment processes as required.

The First Nations Gazette will be published by the Native Law Centre. Corporate Services will be responsible for the operation of the First Nations Gazette. The relationship between FNTC and the First Nations Gazette will be specified in a MOU and a contract.

Corporate services will be responsible for all record keeping and information management associated with the FNTC including the registry of First Nation laws and by-laws serviced under the Law Review and Bylaw review Business Lines.

For s. 83 First Nation tax authorities, corporate services will manage the registrar. By-laws from s. 83 tax authorities must be registered with DIAND unlike FSMA laws which are registered and maintained by the FNTC and the FSMA First Nation. This means that a separate s.83 registrar and registry process and system are required.

Finally, Corporate Services will be responsible for identified FNTC special initiatives relating to FSMA infrastructure, land title, expediting additions to reserves, First Nation GST and open market housing.

## Performance Measures

- Annual General Meeting held
- Corporate Plan, Annual Work Plan and Budget produced and approved
- Establish Audit Committee
- Approve First Nation Tax Commission Rules of Procedure and Governance Policy
- Approve First Nation Tax Commission Management Policy
- Implement capital and information management plans
- Develop and implement human resources and benefits plan
- 4 FNTC meetings
- 2 FNTC orientation sessions
- Resources for special initiatives identified
- Oversee First Nations Gazette

## Policy Development

### Objective

The objective of Policy Development is to develop and implement, through a transparent policy development process, effective policies and standards that support sound administrative practices and increase First Nation and taxpayer confidence and certainty in the integrity of the First Nation local revenue system (s.29(a)(b)(d) and (g)).

### Strategies

The FNTC will develop, review, consult on, approve and publish at least 5 core law review standards relating to:

1. Property taxation,
2. Assessment,
3. Rates,
4. Expenditure,
5. Borrowing

The FNTC will also publish procedures relating to the approval of First Nation laws. For standards, procedures and institutional coordination work, the FNTC will follow the illustrated standards review process.

The standards development process begins when the FNTC directs the FNTC staff, in consultation with policy and legal advisors, to create a preliminary working draft of the proposed standard or procedure. An FNTC working group created by the Chief Operating Officer and the FNTC will review this draft. The working group will be composed of FNTC staff and invited experts. The standard or procedure is revised until the FNTC approves the draft standard or procedure.

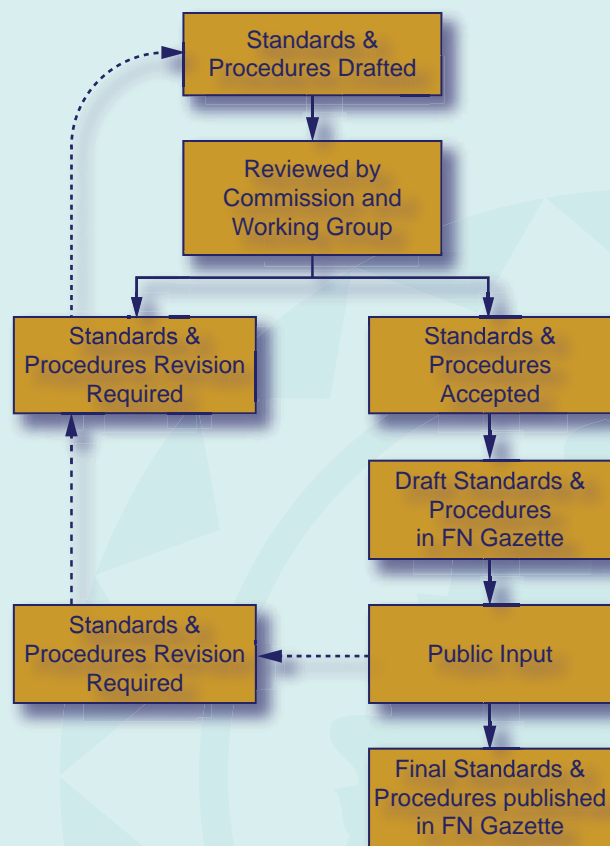


Figure 2. Standards Review Process

Stakeholder groups will have an opportunity to have input on a draft standard or procedure as published in the First Nation Gazette. The final version of the proposed standard or procedure will be published in the First Nations Gazette. The First Nations Gazette has an expanded role as a means soliciting stakeholder input on draft standards and procedures, and of notifying interested parties of FNTC approved standards and procedures.

All FNTC Commissioners are required to review and approve each sample law, law review standard and procedure. It will be important that the draft standards, laws and procedures be presented to the Commission during orientation sessions soon after the Commission is established. It is expected that two orientation sessions of three days each will be required for this work.

In 2007/2008, Policy Development will continue the research and development of policies, procedures, and standards relating to:

- Taxpayer Relations
- Development Cost Charges
- Delegation to a Third Party
- Registering First Nation laws;
- FNTC initiated reviews;
- Dispute management;
- First Nation FSMA support program; and
- Notification requirements.

Research and development will be started for policies, procedures, and standards relating to:

- The Education Board;
- First Nations infrastructure program; and
- Other emerging policy issues.

Draft institutional coordination policies will be developed by experts and staff. Public input from stakeholders will also be part of the institutional coordination policy development process. Recommended policies will be reviewed and approved by the Commission before they are implemented.

Existing policies will continue to be reviewed and updated as needed. Policy Development will also assist with policy implementation, and work in conjunction with Communications to communicate the policies to First Nations and their taxpayers.

In addition, the FNTC will have a significant amount of policy development work with other FSMA institutions. Distinct projects will include at least:

- The creation of sample borrowing laws and borrowing law review criteria;
- The development of a comprehensive borrowing system with the FMB and FNFA;
- A protocol and working relationship with FMB relating to s. 33 (FSMA) complaints
- The financial management law transition to FMB
- Building the local revenue accounts with FNSI
- Working on an effective and efficient reporting system with the other institutions

Policy Development will also develop and maintain policies for First Nation tax regimes using s. 83 of the Indian Act as their authority. There are currently 16 distinct areas of policy for s. 83 tax authorities. Most of these policies are in support of s. 83 by-law review. These include policies relating to property tax systems, tax collection enforcement, administration, assessment, assessment appeal, rate setting, expenditures, taxpayer relations, financial administration, business licensing, local improvements, taxpayer notification, the by-law registry and dispute resolution.

New s. 83 policy issues emerge regularly. For example, in the last two years, s. 83 policies had to be developed regarding the tax treatment of billboards and health centre business licensing.

S. 83 policies are the regulatory framework. They are not supported by legislation, regulations and standards. To provide a consistent policy environment s. 83 policies must encompass the intent of the policies, standards, regulations and FSMA legislation as best as they can, given the limitations of the Indian Act. Regulatory elements of a local revenue system that are commonplace throughout Canada have to be developed and implemented through policy. Getting compliance through policy means more consultation, training and suasion. It also means more time and resources.

Specific tasks associated with s. 83 policy development include designing, developing and managing policies. These policies have to be monitored and modified as required. Emerging policy issues have to be addressed. Substantial consultation is required on all s. 83 policies. These s. 83 policies must pass through the FNTC policy review and approval process. Finally new or modified s. 83 policies must be implemented through the bylaw review, dispute resolution or education and training process.

### Performance Measures

- 5 FNTC approved law review standards published in the First Nations Gazette
- 5 policies approved by the Commission for consultation
- Public input on 5 standards
- 4 discrete projects started with other fiscal institutions



## Bylaw and Law Review and Regulations

### Objective

The objective of FSMA Law Review 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 approving laws that comply with the FSMA, the associated regulatory framework, and strategies.

### Strategies

In 2007/2008, Law Review will develop 5 sample laws to be approved by the FNTC including:

1. Property taxation,
2. Assessment,
3. Rates,
4. Expenditure,
5. Borrowing

In 2007/2008, Law Review will also begin to develop the following sample laws:

- Business tax;
- Taxation for the provision of services;
- Taxpayer representations;
- Development cost charges; and
- Delegation to a third party.

Law Review will continue to monitor legal developments that may affect First Nation local revenues and may intervene in the interests of the First Nation property tax system. Where necessary, it will work with the Policy Development business line and it will review and update sample laws as needed, communicate legal developments within the FNTC, and, in conjunction with communications, inform stakeholders of significant developments.

Law Review will review all local revenue laws submitted by First Nations for compliance with the FSMA, its regulations, and FNTC policies and standards. If deficiencies are identified, Law Review will work with the First Nation to amend the law. If the law is in compliance, it will be recommended for approval by the Commission. After the law is approved it will be registered in the FSMA Registry pursuant to s.31 (4) of the FSMA.

Law Review will provide assistance to First Nations converting their s.83 property tax bylaws to FSMA local revenue laws through the First Nation bylaw conversion program.

Law Review will also review infrastructure project submissions from First Nation tax authorities and provide estimates of borrowing capacity in keeping with FNTC criteria for borrowing laws (s.35(b)).

Law Review will also develop any additional regulations required under the FSMA, and, in conjunction with communications and policy development, will undertake consultations with First Nation tax authorities, taxpayers, and other stakeholders regarding new regulations.

Law Review will also undertake additional compliance and enforcement activities outside of dispute management.

In 2007/2008, Law Review will work with Canada to develop and publish 6 regulations required to implement the FSMA:

1. FNTC Review Procedures
2. Local Revenue Law Enforcement
3. Assessment Appeals
4. Assessment Inspections
5. Tax Rate and Expenditure Law Timing
6. CPR Tax Rates

In this regard, the s. 33 formal complaints process requires the FNTC to establish a quasi-judicial procedure. This entails a significant level of policy and procedure development and staff and commissioner training. It is anticipated that a dedicated commissioner and a staff orientation session will be required. The FNTC does not anticipate that there will be any s. 33 complaints before January 2008.

Law Review will also support s. 83 by-law review. Bylaw review for s.83 bylaws differs from FSMA law review in three ways: the nature of the bylaws, the review standards, and the review process.

S.83 of the Indian Act provides that the Council of a Band, subject to the approval of the Minister, may make bylaws regarding: taxation for local purposes of land; the licensing of businesses, callings, trades and occupations; appropriation and expenditure of band moneys; appointment of officials; payment of remuneration to Chiefs and Councilors; enforcement of amounts payable pursuant to bylaws made under this section; the imposition and recovery of interest on amounts payable; raising of money from band members to support band projects; financial administration and ancillary matters.

These powers are different than those in the FSMA. Rather than laws, by-laws are required. By-laws require different review standards. Finally, the FNTC would only recommend s. 83 by-laws for approval; the Minister will ultimately approve these by-laws.

As a result, specific s. 83 by-law review tasks include the design and development of samples for each type of s. 83 by-law. These samples must be managed and updated as required through changes in the policy or legal framework. Similarly review procedures for each of the s. 83 laws would have to be developed, managed, consulted on and updated as necessary. Finally s. 83 by-laws would have to be reviewed as per the procedures by qualified persons and then submitted to the FNTC board for their review and possible recommendation and follow up to the Minister.

## Education

### Objective

The objective of Education is to promote understanding of the real property taxation systems of First Nations, develop training programs for First Nation real property tax administrators, and build capacity in First Nations to administer their taxation systems (s.29(e)(f) and (h)).

### Strategies

Education will develop an accredited certificate in First Nation Economics and Public Finance (taxation) in cooperation with Thompson Rivers University (TRU). The FNTC will continue to employ the education model of the ITAB. As recommended by its education advisory board it will develop a relationship with an arms length not-for-profit institution to deliver, coordinate and certify, along with TRU, the accredited certificate in First Nation Economics and Public Finance (taxation). A brief description of each course and the credits for each course is presented below.

Bylaw and Law Review will also be responsible for the coordination and liaison with DIAND relating to the recommendations and approval by the Minister of s. 83 by-laws.

### Performance Measures

- 5 sample laws developed
- 3 First Nation laws developed for review by FNTC
- 6 regulations published
- S.33 (FSMA) complaints process established

- ***Introduction to First Nation Taxation (1 credit)*** - This course is an introduction to First Nation taxation under the authority of the First Nation Fiscal and Statistical Management Act (FSMA). It will focus on the economic and fiscal rationale of the FSMA and the workings of the FSMA. It will also introduce the First Nations Tax Commission (FNTC) and the other FSMA institutions – the First Nation Finance Authority (FNFA), the First Nation Statistics Institute (FNSI) and the First Nations Financial Management Board (FMB).
- ***Introduction to Taxation (2 credits)*** – This course is an introduction to public finance in Canada focussing on tax powers. It explains how tax powers are shared between federal, provincial and local jurisdictions in Canada. It introduces students to the First Nation fiscal relationship, especially for Yukon and taxing First Nations.
- ***Assessments and Assessment Appeal Procedures (2 credits)*** – This course will teach students the basics of property assessment and provide an overview of assessment appeal procedures. It is a core course for tax administrators, persons interested in serving on assessment appeal boards and panels, and any student interested in the practices of local government public administration.
- ***Budgeting and Tax Rate Setting (3 credits)*** – This course will focus on using a local service budget to establish property tax rates. It is a core course required by tax administrators but it should be interest to anyone interested in local government public administration.
- ***Tax Administration: Billing, Collecting and Enforcement (3 credits)*** – This course will focus on the main work of the tax administrator relating to managing a First Nation property tax and/or a local revenue system. It is a required course for tax administrators but will also interest other students who want to learn more about First Nation local government public administration.
- ***Communications, Taxpayer Relations and Dispute Resolution (2 credits)*** - This course is about establishing a mutually beneficial working relationship between First Nation tax authorities and taxpayers. It is a core course for tax administrators that will be of interest to any student interested in working in local government administration.
- ***Capital Infrastructure and Debenture Financing (3 credits)*** – This course is required by any First Nation tax authority that would like to become a borrowing member of the FNFA. The course should lead to a First Nation being ready to apply for borrowing to the FNFA. This course will also be of interest to students with a background in finance or an interest in debenture financing and capital planning.

- ***Development Cost Charges (2 credits)*** – This course focuses on developing a fair and transparent First Nation development cost charge (DCC) system. It is an advanced course for First Nation tax authorities that wish to develop a DCC system. The tax administrator of a First Nation developing a DCC law under the FSMA is required to take this course and other students interested in local government administration would benefit.
- ***Service Contracts and Joint Agreements (2 credits)*** – This course is about developing service agreements and joint agreements with local governments or private partners. It is intended for First Nation tax authorities that are or will be negotiating a service agreement with a local government, or wish to establish a joint agreement relating to infrastructure with a local government or private partner. It is an advanced course for tax administrators and students with an interest in local government public administration.

Education will work with TRU and education professionals on the curriculum and material for each course. It is anticipated that three of the nine courses will be accredited by November 2007. It is expected that four courses will be delivered by March 2008.

The policy and overview courses will be of particular interest to First Nation Chiefs and Councils. All the certificate courses are available to those registered which may include at least: First Nation tax administrators (FSMA or Indian Act), property tax professionals, other professionals, local government administrators, taxpayers and the public.

Education will continue to work with TRU throughout 2008/2009 to have accreditation for the remaining courses in the certificate in First Nation Public Finance and Economics (Taxation).

At the same time, Education will begin building curriculum in conjunction with TRU for a two-year diploma program in First Nation Economics and Public Finance. To date six more courses have been identified. They are described briefly below.

1. ***An Introduction to First Nation Economics*** – This is an introduction to the unique challenges facing First Nation participation in the market economy. It is a core course which will be of interest to any person interested in economic development on First Nation lands.
2. ***Investment Facilitation on First Nation lands*** – This course focuses on helping First Nations facilitate more investment on their lands. It is intended for any First Nation interested in attracting commercial, industrial or residential investors. It is intended for administrators, economic development officers, potential investors and interested students.

3. ***Residential and Commercial Developments on First Nation Lands***  
– This is a course for anyone interested in learning how to develop First Nation lands for residential or commercial purposes. It will provide students with a series of sample laws, agreements and systems to establish a supportive market framework on First Nation lands for commercial and residential developments.
4. ***Public Finance, Property Taxation and First Nations*** – This is prerequisite introduction to the field of First Nation public finance. In addition to being a core course for First Nation tax administrators, this course will be of interest to any student wanting to understand the First Nation Fiscal and Statistical Management Act.
5. ***Tax and Public Finance Policy Development for First Nations*** – This course is an introduction to First Nation public finance and tax policy. It is a core course for tax administrators but it also recommended for any student with an interest in local government public administration.
6. ***First Nation Fiscal Relations and Public Finance*** – This is an advanced course about establishing an improved First Nation fiscal relationship. It is intended for First Nations negotiating a new fiscal relationship through a self-government, claims, or treaty process. It would benefit administrators, negotiators and other interested students.

Faculty will be recruited to deliver the courses on a contract basis. Course delivery is expected to begin in January 2008, with courses being offered on alternate months. A scholarship program will be offered to assist interested First Nation tax administrators. Education will also distribute, update, and provide support for the tax administration software originally developed by the ITAB.

Education will continue to deliver courses to s.83 tax authorities. It has been the experience of the ITAB that education and training is the most effective method for implementing s. 83 policies. Ideally there would be training to complement every s. 83 policy. Specific s. 83 training and education services will include designing, developing and managing curricula for s. 83 courses. Students must be identified for these courses. The courses must be delivered and evaluated and improved as necessary. Education will explore possible models so that these courses can be integrated with the above planned accredited curriculum.

## Performance Measures

- 3 courses accredited
- 4 courses delivered
- Education delivery model design report

## Communications

### Objective

The objective of Communications is to promote understanding of the First Nation real property taxation system (s.29(h)).

### Strategies

Communications will create and maintain the FNTC website and will develop and distribute the newsletter, *Clearing the Path*. It will also assist with the preparation of communications materials, such as presentations and press releases. It will coordinate responses to the media and develop opinions, editorials, other articles, and information brochures.

Communications will coordinate and host the annual meeting for taxing First Nations. It will also coordinate and deliver presentations to First Nations and taxpayers regarding aspects of the First Nations property taxation system and related issues.

Communications will ensure that the FNTC implements its Official Languages Act requirements s. 139(1). It will be responsible for translation of required documents.

Communications will also be responsible for FNTC displays at conferences and workshops. It will prepare materials for FNTC meetings and will develop speaking notes and slide shows for FNTC presentations.

### Performance Measures

- Annual meeting for taxing First Nations
- Create web site
- Official Languages Act strategy implementation
- Translation of documents
- Presentations to taxpayers and First Nations



## Dispute Management

### Objective

The objective of Dispute Management is to prevent, or provide for the timely resolution of, disputes in relation to the application of local revenue laws (s.29(c)).

### Strategies

Dispute Management will provide informal facilitation between First Nation tax authorities, their taxpayers, and others as required in resolving disputes as early as possible. Dispute Management will also develop, train and maintain a roster of mediators from across the country that parties can turn to for assistance in resolving property tax disputes.

Dispute Management will implement and administer the compliance review process for complaints and FNTC initiated reviews pursuant to the FNTC Review Procedures Regulations, including FNTC hearings and the implementation of the FNTC's decisions.

Dispute Management will also provide assistance to First Nations in negotiating service agreements with neighbouring municipalities and negotiations with other governments related to tax jurisdiction and expansion.

Dispute Management will provide services to s. 83 tax authorities as requested. There is no formal complaints process for s. 83 tax authorities. Therefore, the FNTC will encourage taxpayers and other parties to resolve their dispute locally and will offer voluntary facilitation services. In some cases this may involve commissioners.

The FNTC will encourage informal representations by taxpayers and other parties within the s. 83 system. As there are no mechanisms in the s. 83 system to ensure that First Nations make changes in response to complaints, the FNTC will use suasion, training and facilitation services to implement suggested policy or other types of changes. This generally requires significant consultation with First Nations.

### Performance Measures

- Roster of mediators developed
- Training material for mediators completed
- Respond to requests for facilitation



## Summary of Objectives, Strategies and Performance Measures

The table over the following pages is a summary of the objectives, strategies and performance measures presented in this section.

Business Line	Objectives	Strategies	Performance Measures
Corporate Services & Gazette	Establish and operate FNTC in compliance with FSMA and manage First Nations Gazette	<ul style="list-style-type: none"> <li>Establish and maintain accommodations</li> <li>Implement capital, information management, human resources and benefits plans for FNTC</li> <li>Develop security clearance program</li> <li>Corporate reporting and planning</li> <li>Meet ATIP requirements</li> <li>Committee and orientation</li> </ul>	<ul style="list-style-type: none"> <li>Annual General Meeting held</li> <li>Corporate Plan, Annual Work Plan and Budget</li> <li>Approve governance and management policies</li> <li>Establish Audit Committee</li> <li>Implement capital, information management, and human resources and benefits plans</li> <li>4 FNTC meetings</li> <li>2 orientation sessions</li> <li>First Nations Gazette published</li> <li>Resources for special projects identified</li> </ul>
Policy Development	Develop effective policies and standards that support sound administrative practices and increase First Nation and taxpayer confidence	Develop policies, standards and/or procedures for: <ul style="list-style-type: none"> <li>Law review standards</li> <li>Registering First Nation laws</li> <li>FNTC initiated reviews</li> <li>Draft institutional coordination policies</li> <li>Notification requirements</li> </ul>	<ul style="list-style-type: none"> <li>5 law review standards published in First Nations Gazette</li> <li>5 policies approved for consultation</li> <li>5 standards receive public input</li> <li>4 discrete projects with other institutions</li> </ul>
Bylaw and Law Review & Regulations	Ensure integrity of local revenue system and promote common approach nationwide	<ul style="list-style-type: none"> <li>5 sample laws corresponding to law review standards</li> <li>Begin to develop other sample laws</li> <li>Begin to convert s.83 bylaws to FSMA laws</li> </ul>	<ul style="list-style-type: none"> <li>5 sample laws developed</li> <li>3 FN laws converted to FSMA standards</li> <li>6 regulations completed</li> <li>Complaints process established</li> </ul>

Business Line	Objectives	Strategies	Performance Measures
Education	Promote understanding of local revenue system, develop training programs for administrators, and build capacity	<ul style="list-style-type: none"> <li>• Develop curriculum for 4 courses</li> <li>• Accredite courses through Thompson Rivers University</li> <li>• Develop 2yr diploma curriculum</li> <li>• Recruit contracted faculty</li> <li>• Design Education Model</li> <li>• Distribute updated FNTC software</li> </ul>	<ul style="list-style-type: none"> <li>• 3 courses accredited</li> <li>• 4 courses delivered</li> <li>• Education Model Report</li> </ul>
Communications	Promote understanding of local revenue system	<ul style="list-style-type: none"> <li>• Maintain website and publish newsletter</li> <li>• Coordinate annual FSMA First Nation meeting</li> <li>• Presentations to First Nations and taxpayers</li> <li>• Meet OLA obligations</li> </ul>	<ul style="list-style-type: none"> <li>• Annual meeting for First Nations</li> <li>• Web site created</li> <li>• Presentations to First Nations and taxpayers</li> <li>• OLA Implementation</li> <li>• Translation of documents</li> </ul>
Dispute Management	Prevent or provide for the timely resolution of disputes	<ul style="list-style-type: none"> <li>• Informal facilitation and roster of mediators</li> <li>• Implement complaints process</li> <li>• Service agreement support</li> <li>• Voluntary facilitation services to s. 83 First Nations</li> </ul>	<ul style="list-style-type: none"> <li>• Roster of mediators created</li> <li>• Training materials for mediators complete</li> <li>• Respond to requests for facilitation</li> </ul>

*Table 4. Summary of Objectives, Strategies and Performance Measures*

# WORK PLAN

The table below is a summary of the 2007/2008 FNTC work plan.

Business Line	Activities/Performance Measures	Anticipated Completion Date
Corporate Services and Gazette	<ul style="list-style-type: none"> <li>• Prepare corporate plan, annual work plan and budget</li> <li>• Hire and train new staff</li> <li>• Implement capital plans</li> <li>• Implement information and technology plans</li> <li>• Implement reporting and evaluation system</li> <li>• Security Clearance and identity program</li> <li>• Human resources and benefits plan</li> <li>• 4 FNTC meetings</li> <li>• 2 orientation sessions</li> <li>• Resources for special projects identified</li> <li>• Sample laws in Gazette</li> </ul>	<ul style="list-style-type: none"> <li>• Jul 07 &amp; Mar 08</li> <li>• Nov. 2007</li> <li>• Jan 2008</li> <li>• Feb 2008</li> <li>• Jan 2008</li> <li>• Dec 2007</li> <li>• Dec 2007</li> <li>• Mar 2008</li> <li>• Mar 2009</li> <li>• Jan 2008</li> <li>• Dec 2007</li> </ul>
Policy Development,	<ul style="list-style-type: none"> <li>• Consultation and approval of 5 law review standards</li> <li>• Policy development for business and borrowing laws</li> <li>• 5 policies in process</li> <li>• 4 discrete projects with other institutions</li> </ul>	<ul style="list-style-type: none"> <li>• Dec 2007</li> <li>• Jan 2008</li> <li>• Mar 2008</li> <li>• Mar 2008</li> </ul>
Bylaw and Law Review and Regulation	<ul style="list-style-type: none"> <li>• 5 sample laws developed</li> <li>• 3 First Nation laws converted for FSMA</li> <li>• 6 regulations completed</li> <li>• s. 33 complaints process preparation complete</li> </ul>	<ul style="list-style-type: none"> <li>• Oct 2007</li> <li>• Jan 2008</li> <li>• Sep 2007</li> <li>• Jan 2008</li> </ul>
Education	<ul style="list-style-type: none"> <li>• 3 courses accredited</li> <li>• 4 courses delivered</li> <li>• Education model report</li> </ul>	<ul style="list-style-type: none"> <li>• Jan 2008</li> <li>• Mar 2008</li> <li>• Nov 2007</li> </ul>
Communication	<ul style="list-style-type: none"> <li>• Coordinate national tax meeting</li> <li>• Update website</li> <li>• Redesign Website (what's the difference</li> <li>• Presentations to taxpayers and First Nations</li> <li>• Ensure compliance with official languages act</li> <li>• Publish Newsletter</li> </ul>	<ul style="list-style-type: none"> <li>• Jan 2008</li> <li>• Sep 2007</li> <li>• Dec 2007</li> <li>• Mar 2008</li> <li>• Mar 2008</li> <li>•</li> </ul>
Dispute Management	<ul style="list-style-type: none"> <li>• Roster of mediators selected</li> <li>• Training materials for mediators</li> <li>• Respond to requests for facilitation</li> </ul>	<ul style="list-style-type: none"> <li>• Oct 2007</li> <li>• Dec 2007</li> <li>• Feb 2008</li> </ul>

To complete this work, the FNTC will utilize the processes and procedures used by the ITAB. For example, to develop policy, the Chief Commissioner will direct a working group to draft terms of reference. The terms of reference will be reviewed and approved by the FNTC. The working group will draft options. These options will be reviewed by the FNTC and if acceptable will be approved for public input from stakeholders. After the consultation, the policy proposal is reviewed and if necessary modified before final consideration and approval by the FNTC. Similar processes exist for sample law, education and training course and dispute resolution system development. For sample laws and standards, the final draft is published in the First Nations Gazette. For policies and education materials, final drafts will be published on the FNTC website.

To manage, its considerable work, the FNTC will develop a Gantt chart. The FNTC management committee will review work plan progress and make adjustments as required.

# FINANCIAL PLAN 2007/2008

This is the first year of operation for the FNTC so financial statements from previous years do not exist.

The FNTC financial plan for the nine remaining fiscal months of 2007/2008 and the next full four fiscal years from 2008/2009 until 2011/2012 by FNTC major activities are summarized below.

Nine months ending Mar 31, 2008		2009	2010	2011	2012
Commission Costs	\$ 556,292	\$ 873,315	\$ 894,961	\$ 917,148	\$ 939,889
Corporate Services	736,498	946,572	988,345	992,554	1,017,367
Gazette	263,835	349,236	356,793	364,538	372,478
Program Costs					
• Policy Development	787,229	973,039	996,115	1,019,768	1,044,012
• Education	356,735	547,078	557,359	608,734	607,082
• Dispute Management	161,918	266,543	273,194	279,998	279,961
• Communications	738,724	932,395	915,046	936,157	957,795
• Bylaw, Law Review and regulations	878,375	1,113,440	1,091,901	1,090,823	899,788
<b>Operating Costs Total</b>	<b>\$ 4,479,606</b>	<b>\$ 6,001,618</b>	<b>\$ 6,073,714</b>	<b>\$ 6,209,720</b>	<b>\$ 6,118,373</b>
Capital planning and relocation costs	429,400	-	-	-	-
<b>Operating &amp; Capital Costs Total</b>	<b>\$ 4,909,006</b>	<b>\$ 6,001,618</b>	<b>\$ 6,073,714</b>	<b>\$ 6,209,720</b>	<b>\$ 6,118,373</b>

Table 6. FNTC Financial Plan for 2007/08 – 2011/12

The FNTC operation budgets have been prepared using the following assumptions

1. Budgets have been prepared based on a detailed review of the FNTC business lines and best estimates of management and the CEO for the cost of activities to be undertaken under each business line during the period from commencement of operations to March 31, 2012.
2. The appointment of commissioners and the operational date of the FNTC are anticipated to occur on July 1, 2007. Budgeted costs for commissioners, employees and travel are based on Treasury Board Secretariat guidelines. The operating budget for the period ending March 31, 2008 includes anticipated operations from July 1, 2007 (commencement of operations) to March 31, 2008.

3. The operating budgets for the above periods include the estimated costs of operating the FNTC as well as costs to continue to provide services to First Nations under s.83.

4. To meet the needs of First Nations the FNTC will employ 21 full time employees and operate from 2 offices, a head office in Kamloops and a second office located in the National Capital Region.

In addition to the 2007-2012 operating budgets, the budget for the period ending March 31, 2008 includes capital requirements of \$429,400 to secure new facilities in the NCR and to provide for interim additional office space for the head office. Capital funding will be required for new facilities for the head office. Upon completion of a detailed plan a capital submission will be prepared and included in the 2008/09 Corporate Plan. The new facilities are required to accommodate increased security and staffing levels for the FNTC.

The next chart summarizes FNTC expenditure by major activities. In 2007/2008, 85% of FNTC expenditures will be made to provide services to First Nation exercising their tax authority under the *FSMA* or s. 83 of the *Indian Act* and 15% of expenditures will be devoted to implementing the FNTC and corporate services.

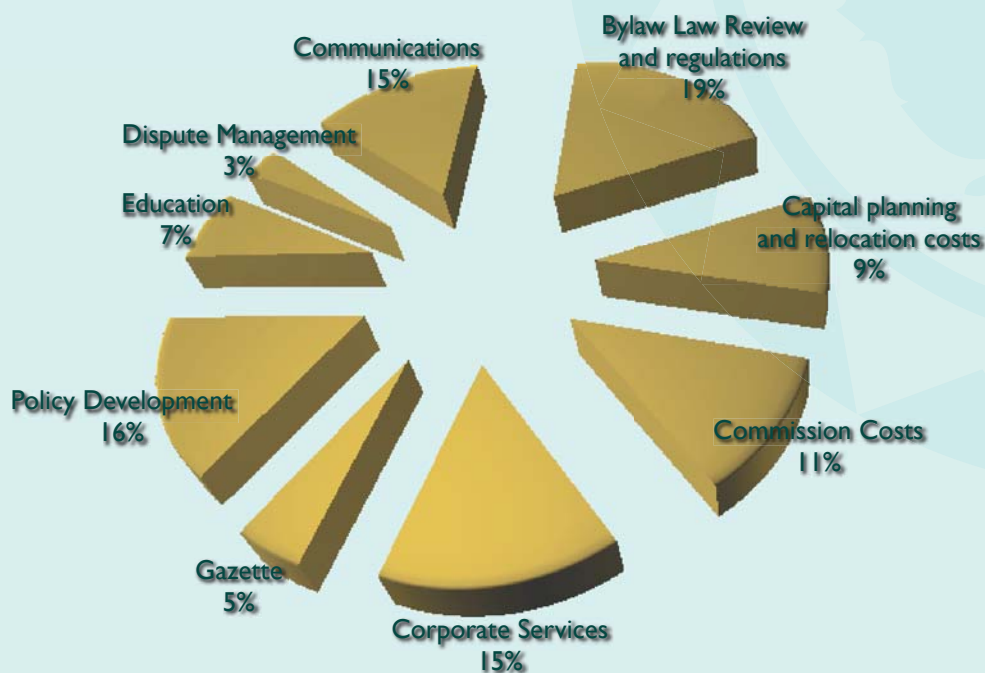


Figure 3. FNTC Expenditure by Major Activity

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