

FINAL DRAFT FEBRUARY 2, 2010

# First Nations Tax Commission Annual Corporate Plan 2010/11



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# Executive Summary

For the third year in a row, the First Nations Tax Commission (FNTC) has met the goals set out in its Annual Corporate Plan. Successful performance measures from last year's Corporate Plan for each of the FNTC's six business lines are presented in this year's Corporate Plan.

The FNTC's 2010/11 Corporate Plan describes the strategies that the FNTC will establish to support First Nation local revenue systems and economic development. It also identifies external risks to the FNTC during the next fiscal year related to the recession and its impact on taxpayers, First Nation tax authorities, and possible First Nation debentures, and presents strategies to manage these risks. It presents objectives, strategies, and performance measures for each FNTC business line and an accountability framework consistent with Part 6 of the *First Nations Fiscal and Statistical Management Act* (FSMA). The 2010/11 Corporate Plan also specifies how the FNTC will work with Canada on the implementation of the Federal Framework for Aboriginal Economic Development (FFAED).

Highlights include:

- Transitioning tax collecting First Nations from s.83 of the *Indian Act* to the regulated standards of the FSMA to improve the First Nations' investment climate for taxpayers and investors;
- Developing new standards, regulations and sample laws to support debentures, business activities taxes, participation by self government and treaty First Nations, and other revenue systems;
- Improving access to capital that builds economic infrastructure by working with other FSMA Institutions to expand First Nation borrowing capacity through other revenues, while maintaining the strength of the FSMA regulatory system;
- Offering accredited courses through the Tulo Centre of Indigenous Economics (Tulo Centre) and Thompson Rivers University in commercial and residential development and facilitating private investment on First Nation lands. These will be the first accredited courses with a focus on facilitating private investment on First Nation lands offered in Canada;
- Implementing the Tax Administration Software to support the administration of taxation by more tax collecting First Nations to improve efficiency and reduce disputes;
- Promoting tenure certainty and lower costs of doing business on First Nation lands through consultations related to the First Nation property initiative options; and

- Continuing to work with Canada and First Nations to improve Treaty Land Entitlement implementation in Manitoba, support communities interested in the *First Nations Goods and Services Tax Act* (FNGST), and support First Nation economic opportunities on the Canadian National Railway (CNR) corridor between Prince Rupert and the Manitoba border.

The following table summarizes the FNTC's financial performance and plan for the 2010/11 fiscal year.

FNTC Financial Performance (for the years ending March 31)			
	2008/09 Actual	2009/10 Forecast	2010/11 Plan
<b>Revenue</b>			
Government of Canada	\$ 5,738,000	\$ 5,477,335	\$ 5,715,996
Government of Canada - Special Initiatives	487,100	298,000	200,000
Other	37,376	6,454	2,000
	6,262,476	5,781,789	5,917,996
<b>Expenses</b>			
Commission Costs	875,370	816,766	883,780
Corporate Services	1,118,312	1,044,442	1,141,020
Gazette Operations	311,945	295,922	311,721
Policy Development	821,439	798,099	859,365
Education	437,036	484,654	490,220
Dispute Management	225,884	235,698	202,158
Communication Costs	781,884	668,396	623,296
Law Review, By-law Review and Regulations	1,103,506	1,139,811	1,206,436
Special & Research Costs	587,100	298,000	200,000
	6,262,476	5,781,789	5,917,996
<b>Net Surplus</b>	\$ -	\$ -	\$ -



# Corporate Profile



## *Mission*

The mission of the FNTC 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.

This mission is achieved 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;
- build the institutional framework to support markets and reduce transaction costs on First Nation lands;
- coordinate services to and with the three other institutions created by the FSMA; and
- increase the First Nation tax base and address emerging issues through special initiatives.

## *Mandate*

### *FSMA*

The mandate of the FNTC is provided by s.29 of the FSMA:

“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.”

### *Section 83*

Through an agreement with the Minister of Indian Affairs and Northern Development (Canada), the FNTC will provide advice regarding the approval of s.83 by-laws and deliver services to First Nations exercising property tax jurisdiction under s.83 of the *Indian Act*.

### *Special Initiatives*

The FNTC also works on special initiatives agreed to with the Minister that serve the FNTC's FSMA purposes.

## Structure

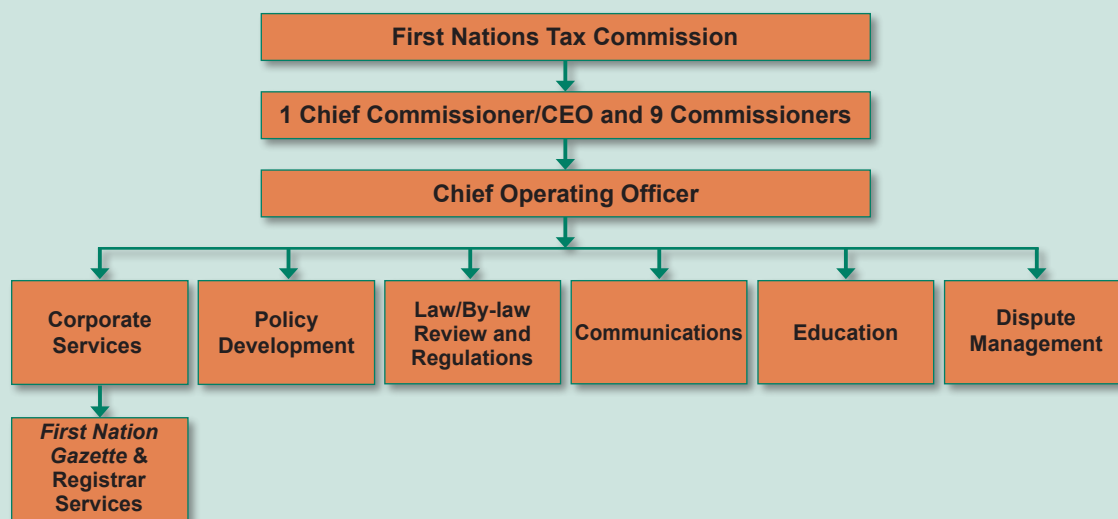
The FNTC is a shared-governance institution. The Governor in Council appoints nine of the Commissioners and the Native Law Centre of Canada, University of Saskatchewan, appoints one Commissioner. The Commissioners are:

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

The FNTC maintains a head office on the reserve lands of the Kamloops Indian Band and an office in the National Capital Region.

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

The FNTC operates six business lines, as illustrated below.



## *Governance*

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

- 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 may consist of commissioners only, or a mix of commissioners, staff, and other professionals, as appropriate.



# Strategic Issues for Planning Period

## *Assessment of Results*

The FNTC has achieved its objectives. In support of federal fiscal restraint, the FNTC reduced its operating budget by 6% last year. Despite these reduced resources, the FNTC has continued to develop and expand the First Nation property tax system to enable First Nations across Canada to provide services to their taxpayers, and develop stable, efficient, and predictable investment climates to support economic growth.

Highlights from 2009/10 include:

- Development of FNTC standards and sample laws for Taxpayer Representation to Council, which establishes procedures so that taxpayers can communicate with Council in an effective manner, and Taxation for the Provision of Services which provides another tool for financing First Nation economic infrastructure;
- Approval of 15 FNTC property tax and assessment laws, and 70 rates and expenditure laws;
- Recommendation of 61 by-laws to the Minister including amending, rates and expenditure by-laws;
- Launch of the online version of the *First Nations Gazette*, which provides an important mechanism for First Nations to provide access to and give notice of its laws;
- Development of online curriculum by the Tulo Centre and Thompson Rivers University. The eight online courses form the first accredited Certificate in First Nation Tax Administration in Canada. These courses showcase recent technology and multimedia, and focus on social learning models;
- Development and launch of Tax Administration Software. The software assists tax administrators through the annual property tax cycle, including rate setting, tax notices, and payment collection. The transition to the new Tax Administration Software platform was highly successful in 2009/10;
- Facilitation of three disputes, without any complaints being received under the s.33 review process; and
- Establishment of a working relationship with Hernando De Soto and the prestigious Institute of Liberty and Democracy that will lend its efforts to improve the First Nation property right system.

By March 31, 2010 the FNTC will complete all of the elements of its 2009/10 work plan.

## CORPORATE SERVICES

Corporate Plan & Work Plan	Completed
3 General FNTC meetings and 6 law review meetings	Completed
Capital Plan Implementation	Ongoing
Evaluation system report	Completed
Annual General Meeting	Completed
Manage and produce <i>First Nations Gazette</i>	Ongoing
Record Management and Registry	Ongoing
First Nation Support Program	Ongoing
Human Resources, Management & Finance	Ongoing
Manage Special Initiatives	Ongoing

## POLICY DEVELOPMENT

7 law standards	Completed
6 policies in process	Completed
Review 3 s.83 policies	Completed
2 projects with other institutions completed	Completed
2 projects with other institutions initiated	Completed

## BY-LAW/ LAW REVIEW AND REGULATIONS

Develop 7 sample laws	Completed
10 First Nation by-law conversions	Completed
Review 70 FSMA laws	Completed
Review 50 by-laws	Completed
FSMA legislative amendments	Ongoing
Regulation development	Ongoing
Monitor legal developments	Ongoing

## COMMUNICATIONS

CNR Meeting	Completed
Annual Report	Completed
Annual Meeting Materials and Support	Completed
Update and Maintain Website	Ongoing
Video	Completed
Presentations	Ongoing
<i>Official Languages Act</i> requirements	Ongoing
Newsletter	Ongoing

## EDUCATION

Curriculum for Tax Administration Certificate Courses	Completed
Tax Administrator Certificate Accredited	Completed
Develop 2 Online Courses	Completed
Deliver 9 Certificate Courses	Completed
Tax Administration Software released and support provided	Completed

## DISPUTE RESOLUTION

Maintain Roster of Mediators	Ongoing
Respond to Requests for Facilitation	Ongoing
Section 33 operational	Ongoing

## *Assessment of External Environment and Strategy*

### *A New Federal Framework for Aboriginal Economic Development*

The Federal Framework for Aboriginal Economic Development (FFAED) presents a new vision for reducing the barriers to economic development on reserve and increasing First Nation participation in the Canadian economy. In particular, this framework recognizes that private investment drives economic growth and First Nations need to attract more private investment to build their economies.

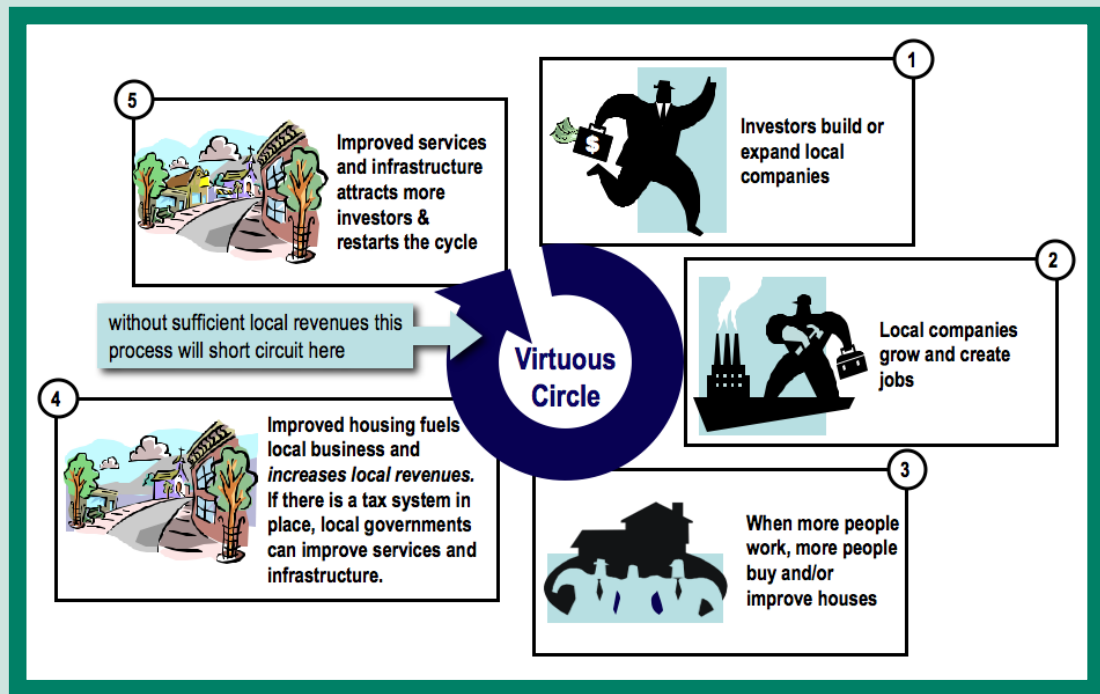
The FFAED states that there is a consensus that the principal barriers to creating a strong climate for private investment on First Nation lands include:

- Aspects of the *Indian Act* and regulations that impede investment;
- Government processes that do not move at the speed of business;
- Deficits in infrastructure;
- Limited access to commercial capital and financing;
- Deficits in administrative capacity and systems to facilitate investment; and
- Insufficient Aboriginal institutional support, including access to expert advice and support for long-term planning.

### *FNTC Response*

The FNTC strongly supports the FFAED. The FNTC recognizes that taxpayers are investors and, as such, have a strong mutual interest with First Nation taxing authorities: a strong First Nation investment climate that raises property values, attracts commercial and residential development, and increases First Nation local revenues.

As is illustrated in the following graphic, the FNTC has long promoted the virtuous circle of a strong investment climate leading to more investment, higher revenues and, ultimately, better services and infrastructure, which reinforce a strong investment climate.



#### ***The Virtuous Circle of Private Investment and Local Revenues <sup>1</sup>***

Because of its commitment to attracting private investment to First Nation lands, the FNTC strongly supports the FFAED and looks forward to working with Canada on its implementation. The table lists the FNTC initiatives in the 2010/11 Corporate Plan that address, in part, each of the six barriers to private investment identified and selected from the FFAED.

1. This graphic first appeared in a 1998 document of the Indian Taxation Advisory Board, the predecessor to the FNTC.

SELECTED PRINCIPAL BARRIERS TO ABORIGINAL ECONOMIC DEVELOPMENT	FNTC RESPONSE
Aspects of the <i>Indian Act</i> and regulations that impede investment	Enabling scheduled First Nations to use the FSMA in addition to, and as an alternative to, sections of the <i>Indian Act</i> .
Government processes that do not move at the speed of business	FNTC is working on a project to enable participating First Nations to move from a deeds land registry system to a Torrens system.
Deficits in infrastructure	FNTC is helping to expand First Nation infrastructure financing options through sample business activity, local improvement, and development cost charge laws and systems, and by working with Canada to support First Nations interested in the FNGST.
	FNTC is working to expand borrowing capacity and improve borrowing terms for First Nations to finance infrastructure through the other revenues debenture financing regulations.
Limited access to commercial capital and financing	FNTC is helping First Nations and their members to build home equity and financeable property through the First Nation property ownership initiative.
Deficits in administrative capacity and systems to facilitate investment	Tulo Centre and Thompson Rivers University accredited courses to build capacity to facilitate private investment on First Nation lands.
	FNTC provides revenue potential and implementation plan support to interested First Nations using its comprehensive 10-year research project on First Nations economic development.
Insufficient Aboriginal institutional support, including access to expert advice and support for long-term planning	FNTC represents more than 20 years of experience and offers support for service agreements, development and use of specialized software, sample laws, training, and dispute resolution.

### *Gradual Economic Recovery and Continued Federal Deficits*

Finance Canada stated that the recent global recession was the deepest since the Second World War. In almost all countries GDP decreased, unemployment increased, and home values decreased. Governments implemented stimulus packages and redirected resources to help prevent a “downward spiral in economic growth and employment.”<sup>2</sup> Canada’s stimulus package was valued at \$62 billion over two years.

2. *Canada’s Economic Action Plan – A Fourth Report to Canadians*, online: <http://www.fin.gc.ca/pub/report-rapport/2009-4/capc1-eng.asp>

The economy is gradually recovering. Consumer and business confidence is increasing, real consumer spending is increasing, and residential investment and renovation is growing. The Teranet National Bank National Composite House Price Index<sup>3</sup> shows that, as of October 2009, house prices are increasing and are approaching their 2008 pre-recession highs.

However, the federal stimulus package has large fiscal implications. The federal government has gone from a surplus position to a deficit of \$56 billion in 2009/10 and projects continued deficit budgets through at least 2014/15. The deficit for 2010/11 is estimated to be \$45 billion. In response, program spending in all federal departments will be constrained.

### *Implications for First Nation Tax Authorities and Taxpayers*

The gradual economic recovery will have positive implications for First Nation tax authorities and their taxpayers. Pressure on First Nation local revenue budgets may be reduced. Taxpayers may face less uncertainty about the future of their employment or business. Development may begin to increase as investors look to take advantage of current low interest rates. This could mean increased demand for infrastructure to support these development projects.

However, there may also be increased pressure on those parts of First Nation budgets that depend on government funding transfers as a result of the federal deficits and efforts to constrain program spending.

### *FNTC Response*

The FNTC will continue to implement its standards and policies for rates and expenditures and to encourage prudent financial management practices. It will also continue to be prepared to facilitate disputes, should they occur.

The FNTC will help First Nations generate more independent revenues. In particular, the FNTC will work with First Nations to promote and facilitate private investment on First Nation lands to grow their local revenue potential. This will be accomplished through training at the Tulo Centre and planning and implementation support to First Nations interested in facilitating private investment such as those communities acquiring Treaty Land Entitlement lands in Manitoba.

The FNTC will continue to manage its resources efficiently. The FNTC will also demonstrate its record for success and good management in all funding proposals. It will also align its outcomes with the FFAED to show how the FNTC is an important partner in achieving the Framework's goals.

3. Teranet-National Bank National Composite House Price Index <http://www.housepriceindex.ca/Default.aspx>



# *E*xternal Risks and Strategies

## *Analysis of 2009/10 Risk Management Strategy*

### *Changes in Demand for FNTC Services*

**Risks:** A risk was identified last year that the demand for FNTC services would be greater or less than anticipated. This included demand for FSMA law review and s.33 complaint reviews; meetings and communications; infrastructure planning support; timely accreditation for the Certificate in First Nation Tax Administration; FSMA laws for development cost charges (DCCs), taxation of business activities; provision of local services; First Nations withdrawing from the FSMA Schedule; and demand from other FSMA Institutions and First Nations relating to debentures and other institutional coordination issues.

**Risk Management Strategies:** To reallocate resources as needed, including additional Commissioner time, to implement additional support programs and sample laws as needed; and to work with groups such as Tribal Councils or professional associations where possible.

**Assessment:** The FNTC was successful in meeting its service demands and allocating resources as needed. This is indicated by the FNTC's success in meeting its 2009/10 Corporate Plan deliverables. It should be noted, however, that accreditation for the Certificate in First Nation Tax Administration was not completed until November 2009. This meant a delay in scheduling courses. Some of the courses scheduled for delivery in 2009/10 will now be rescheduled for early 2010/11. Moreover, the FNTC has offered alternate courses in this fiscal year to exceed this deliverable.

### *Program Delays*

**Risks:** A risk was identified that the FSMA First Nations may have difficulty accessing the First Nation Infrastructure Program (FNIP) and funding for FNTC participation in improving land title certainty could be delayed. The FNGST and other projects may be delayed or uncertain.

**Risk Management Strategies:** Strategies included: working with FNIP; allocating resources to help FSMA First Nations access the FNIP, providing funding requirements for special initiatives identified in the Corporate Plan; and allocating resources to support special initiatives, such as FNGST, as needed.

**Assessment:** Although funding was received for improving land title certainty, the FNTC did not form a partnership with Canada regarding the FNIP or the FNGST in 2009/10.

### *Risk to First Nation Debentures from the Economic Slowdown*

**Risks:** Last year, a risk was identified that financial markets may not be disposed to purchase First Nation debentures from the First Nations Finance Authority (FNFA) or may only be able to sell First Nation debentures at significantly higher interest rates.

**Risk Management Strategies:** Strategies included adjusting resource levels to support fewer borrowings and FSMA conversions, and working with First Nations Finance Authority to clarify its communications.

**Assessment:** There were no First Nation debentures issued in 2009/10.

### *Risks from Declining Land Values*

**Risks:** A risk was identified that First Nations and their taxpayers may be affected more by real estate market declines than non-First Nations because of land tenure uncertainty on First Nation lands. Value differences between fee simple and leasehold title are often magnified during real estate market declines.

**Risk Management Strategies:** In the short term, FNTC rates law policy and standards, and expenditure law policy and standards, will assist in balancing the impact of potential declines in land values and build upon prudent financial management by First Nations. The FNTC will also work with Canada to communicate potential support from national economic recovery initiatives. In the long term, continued exploration of options for increased certainty of title on First Nations lands will provide First Nations with an option to mitigate these potential declines in real estate values.

**Assessment:** First Nations were successful in managing any declines in land values. There is evidence that land values are recovering.

## *2010/11 Risk Management Strategy*

### *Changes in Demand for FNTC Services*

**Risks:** The demand for FNTC services could be greater or less than anticipated. This could include: demand for FSMA law review and s.33 complaint reviews; meetings and communications; infrastructure planning support; the Certificate in First Nation Tax Administration; FSMA laws for development cost charges (DCCs), taxation of business activities, provision of local services; and demand from other FSMA Institutions and First Nations relating to debentures and other institutional coordination issues.

**Risk Management Strategies:** To reallocate resources as needed, including: additional Commissioner time; to establish reserve funds in the event of disputes or complaints; to implement additional support programs and sample laws as needed; and to work with groups such as Tribal Councils or professional associations, where possible, to achieve economies of scale for service delivery.

### *First Nation Capacity Constraints*

**Risks:** The FSMA was passed in 2005 but not implemented until 2007. For the first 12 to 18 months, the FNTC focussed on developing the regulatory structure (standards, sample laws, and procedures) to support FSMA First Nations. First Nations have begun to implement the FSMA system only over the last 18 months. The pace of implementation is related to First Nation capacity. This creates risks related to the transition from the *Indian Act* to the FSMA, implementing new FSMA powers, and issuing a debenture in a timely fashion.

**Risk Management Strategies:** To encourage FSMA First Nations to enrol students in accredited courses for First Nation tax administration, debenture financing, and facilitating investment, and to allocate resources and staff to work with FSMA First Nations on law development and infrastructure planning.

### *Federal Government Budgetary Constraints*

**Risks:** Departments will likely be encouraged to constrain or reduce funding to reduce the federal deficit. Tax collecting First Nations funding may be impacted and this may result in changes to local service resource allocation.

**Risk Management Strategies:** Work with FSMA First Nations to attract private investment and reduce the fiscal costs of First Nation poverty to Canada. Work with First Nations on the development and implementation of their rates and expenditures laws/by-laws to ensure they comply with FNTC standards and policies.

#### **Reducing the Fiscal Costs of First Nation Poverty**

The economic and fiscal costs of First Nation poverty are significant. Depressed First Nation economies put fiscal pressure on all governments in terms of foregone tax revenues from reduced economic activity and higher social costs created by First Nation poverty. Poverty leads to higher government costs per capita for social assistance, education, health, and housing. It is estimated there will be a \$75 billion reduction in the fiscal balance of all governments over the next 15 years. In other words, it will cost all governments/taxpayers an estimated \$75 billion to pay for the social programs associated with First Nation poverty.

By promoting wealth creation, through reduced barriers to private investment, the FNTC helps to reduce First Nation poverty and improve the standard of living on First Nation lands. This in turn reduces the fiscal costs to the federal government associated with First Nation poverty.

*Source: "Cost of Poverty" Fiscal Realities Economists, 2001*

### *The Global Economic Recovery Stalls*

**Risks:** The global economic recovery may stall or Canada may slip back into recession. This could again impact property values and employment, which would put pressure on First Nation local revenue budgets. Additional enforcement efforts may also be required and disputes could increase.

**Risk Management Strategies:** FNTC policies and standards for rates and expenditure laws/by-laws will assist in balancing the impact of potential declines in land values and build upon prudent financial practices by First Nations. The FNTC would also allocate additional resources to dispute prevention and resolution through mutual gains negotiation strategies and assist First Nations in accessing support from national economic recovery initiatives.

### *Interest Rates Increase*

**Risks:** Although interest rates are at historic lows, inflation concerns or the US need to sell increasing amounts of debt may lead to higher interest rates in the bond market. This could affect the interest rate of First Nations Finance Authority debentures, and could potentially affect the viability, scale or financing of some First Nation infrastructure projects.

**Risk Management Strategies:** Work with other institutions to expand First Nation borrowing capacity by adding other revenues to existing local revenue tax debentures and strengthen the regulatory framework for borrowing to improve the First Nations Finance Authority credit rating. The FNTC will reallocate resources as necessary to develop and implement the necessary law review standards and sample laws in support of this regulation.

# *Assessment of Corporate Resources*

In three years of operation, and building upon the 18-year legacy of its predecessor, the FNTC has amassed considerable corporate assets related to experience, governance, policy, standards and law development, research, facilities, software, dispute resolution, training, and partnerships. Each of these assets is discussed below:

**Experience and Expertise** – The FNTC benefits from the experience and expertise of a visionary Chief Commissioner/Chief Executive Officer (CEO) with decades of experience in First Nation leadership and economic development. The Chief Operating Officer has been with the FNTC and the Indian Taxation Advisory Board (ITAB) since its inception, and has over 20 years experience in First Nation taxation and development issues as well as previous experience in First Nation management and the construction industry. The FNTC also benefits from an experienced and dedicated staff, many of whom have been with the organization long-term. The FNTC is also supported by professional advisors with significant experience in their fields, including law, economics, accounting, and management.

**Governance** – The FNTC has incorporated best practices in corporate governance and human resource management in its comprehensive management policy and continues to manage its resources effectively. This, along with the committee structure, has created a culture of responsibility and accountability among staff.

**Policy, Standards, and Law Development** – The FNTC has established a comprehensive process for policy, standards, and law development. This process begins with a policy issue, which is researched and discussed in working and focus groups. Draft policies are reviewed by the Commission. Approved policies form the basis for standards, which inform sample laws. In three short years, FNTC has developed and published over 40 policies, standards, and sample laws.

**Research** – The FNTC's policies, standards, and training courses are based on a strong foundation of innovative research. This includes ITAB's legacy of research and continued ongoing research related to public finance, debentures, property ownership, own-source revenues (OSR), revenue potential and other legal and policy matters of importance to the FNTC and to First Nations.

**Facilities** – The FNTC operates a head office on the lands of the Kamloops Indian Band and an office in the National Capital Region. The long-term lease of the head office building, a former residential school, is in development in partnership with the Shuswap Nation Tribal Council. Once the capital plan is completed and the lease is secured, the FNTC will seek specific one-time capital funding for head office renovations, separate from its operational requirements.

**Software** – The FNTC has developed specialized Tax Administration Software that assists tax administrators through the annual cycle of property taxation including setting tax rates, printing tax notices and managing payment collection. Tax Administration Software also integrates with accounting software. First Nations also use FNTC’s service agreement and revenue potential spreadsheets.

**Dispute Resolution** – The FNTC has developed experience and a reputation for success with respect to facilitating negotiations and dispute resolution. Ten service agreements and over twenty other disputes between taxpayers and First Nations have been successfully mediated over the last 17 years.

**Training** – In partnership with the Tulo Centre and Thompson Rivers University, the FNTC offers a first-of-its-kind university-accredited certificate program for First Nation tax administration and lands development in Canada. Eight courses have been developed and will be available in both innovative online and executive formats. Over 100 students have taken Tulo Centre courses in the last year and a half and many more are interested.

**Partnerships** – The FNTC has developed partnerships with other organizations, including:

- MIT-Harvard Consensus Building Institute (mutual gains negotiations and dispute resolution training);
- Institute of Liberty and Democracy (property rights);
- National Energy Board (Board operations and training);
- First Nations Financial Management Board (FMB) and FNFA (FSMA implementation and other common interests);
- Native Law Centre at the University of Saskatchewan (*First Nations Gazette*);
- Tulo Centre and Thompson Rivers University (development and delivery of university courses);
- Centre for First Nation Governance;
- Indigenous Bar Association;
- First Nation Tax Administrators Association; and
- Canadian Property Tax Association



**Section 83 Support** – The FNTC has 20 years of experience of providing support to First Nations collecting taxes using the authority of s.83 of the *Indian Act*. The services to s.83 First Nations differ from services provided to FSMA First Nations in that they are offered pursuant to a Memorandum of Understanding (MOU) with the Minister of Indian and Northern Affairs Canada (INAC). A selection of services to s.83 First Nations includes:

- Register approved s.83 by-laws with Indian and Northern Affairs Canada and maintain a s.83 by-law registry
- Develop, manage, and monitor sixteen s.83 policy areas
- Develop and manage s.83 sample by-laws
- Undertake review and recommendation of s.83 by-laws
- Liaise with Minister and officials regarding approval of s.83 by-laws
- Develop, manage, and monitor s.83 course curricula
- Provide advisory education, training, and facilitation services to s.83 tax authorities as requested

# Objectives, Strategies and Performance Measures

## Corporate Services

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

### 2009/10 Results

OBJECTIVE	PROGRESS	DETAILS
Corporate Plan, Work Plan	Completed	<ul style="list-style-type: none"> <li>Work plan/ budget approved</li> <li>Corporate Plan submitted</li> </ul>
3 General FNTC Meetings and 6 Law Review Meetings	Completed	<ul style="list-style-type: none"> <li>General meetings held in June, October, and February</li> <li>Law review meetings held in May, June, July, August, September, October, and December</li> </ul>
Capital Plan Implementation	Ongoing	<ul style="list-style-type: none"> <li>Head office capital improvements ongoing</li> </ul>
Evaluation System Report	Completed	<ul style="list-style-type: none"> <li>Interim Performance Measures Evaluation Report completed</li> </ul>
Annual General Meeting	Completed	<ul style="list-style-type: none"> <li>AGM held in October at head office</li> </ul>
Manage and produce <i>First Nations Gazette</i>	Ongoing	<ul style="list-style-type: none"> <li>Online <i>First Nation Gazette</i> operational, print edition published</li> </ul>
Record Management and Registry	Ongoing	<ul style="list-style-type: none"> <li>Development of new information and records management policy</li> </ul>
First Nation Support Program	Ongoing	<ul style="list-style-type: none"> <li>Law development support provided to 8 First Nations</li> </ul>
Human Resources, Management & Finance	Ongoing	<ul style="list-style-type: none"> <li>Management of HR policy and health benefit plan</li> <li>Financial management, completion of funding arrangements, financial reports, annual audit, annual meeting</li> </ul>
Manage Special Initiatives	Ongoing	<ul style="list-style-type: none"> <li>Land title recognition</li> <li>FNGST</li> <li>Infrastructure</li> <li>Treaty Land Entitlement (Manitoba)</li> <li>CNR corridor</li> <li>Local revenue framework research</li> </ul>

## *2010/11 Strategies and Activities*

Corporate Plan – Complete the corporate work plan for review by February 2011.

Evaluation System – Corporate Services will prepare an interim financial report and performance measures evaluation report in accordance with Treasury Board requirements by January 2011.

FNTC Meetings – Hold four general commission meetings and six law review meetings.

Facilities Management – Service, maintain, and secure long term tenure for the head office and National Capital Region office and manage IT infrastructure.

FNTC Administrative Management – Provide overall management and support services to the Commission and its operations. This includes reviewing and updating the FNTC governance and management policies.

Special Examination – Support the FNTC Audit Committee throughout the internal special examination process in accordance with s.121 of the FSMA.

*Access to Information Act and Privacy Act* – Meet *Access to Information Act* and *Privacy Act* requirements.

Committee Support – Provide support to the FNTC audit, executive management, tax rates, management, and special projects committees.

Registry of First Nation Laws – Maintain registries of approved First Nation laws and by-laws.

*First Nations Gazette* – Manage the *First Nations Gazette* in accordance with the FNTC-*First Nations Gazette* Memorandum of Understanding and contract.

First Nation Support Program – Continue to operate and manage the FSMA First Nation support program, in accordance with FNTC policy, so that an additional 10 First Nations can transition their s.83 by-laws to FSMA laws.

### Special Initiatives:

1. Property ownership initiative consultation – The FNTC and Indian and Northern Affairs Canada will continue to explore options for increased certainty of title on First Nation lands.
2. FNGST – The FNTC will continue work with Finance Canada to determine the most appropriate method for the FNTC to support First Nations interested in implementing the FNGST.
3. Treaty Land Entitlement Support – Continue to work with interested Treaty Land Entitlement First Nations in Manitoba to facilitate additions to reserves by helping to implement property tax systems and support service agreement negotiations as requested.
4. Canada National Railway (CNR) – Work with interested First Nations along the CNR corridor from the port of Prince Rupert to the Manitoba-US border in support of property taxation and economic development opportunities arising from increased imports and exports through the port of Prince Rupert.

5. Capacity Development – Work with the Financial Management Board and the Tulo Centre to develop a comprehensive proposal to support administrative capacity development for FSMA First Nations and others interested in improving the First Nation investment climate. The FNTC is particularly interested in increased scholarship funding for students interested in the accredited certificate programs of the Tulo Centre.
6. Local Revenue Framework Research – Conduct research on topics that support the fiscal framework within which local revenue laws are made.

### *2010/11 Performance Measures*

- Produce and approve the annual Corporate Plan, work plan and budget
- Hold four commission meetings and six law review meetings
- Publish *First Nations Gazette* and maintain online *First Nations Gazette*
- Provide law conversion support to 10 First Nations for transition from the *Indian Act* and development of new FSMA laws
- Manage special initiatives
- Manage the FNTC Internal Special Examination
- Facilities Management
- Support annual audit
- Manage administration, working groups and annual meeting

### *Policy Development*

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

## 2009/10 Results

OBJECTIVE	PROGRESS	DETAILS
7 law standards	Completed	<ul style="list-style-type: none"> <li>• Taxpayer Representations to Council</li> <li>• Development Cost Charges</li> <li>• Amendments to Rates</li> <li>• Amendments to Taxation</li> <li>• Amendments to Expenditures</li> <li>• Approval of Law Procedures</li> <li>• Taxation for Provision of Services</li> </ul>
6 policies in process	Exceeded	<ul style="list-style-type: none"> <li>• Taxes on business activities</li> <li>• FNTC initiated reviews</li> <li>• FSMA "removal from the schedule" policy</li> <li>• FSMA infrastructure</li> <li>• Dispute prevention</li> <li>• Provincial portion of property taxes</li> <li>• Federal Own-Source Revenue policy</li> </ul>
Review 3 s.83 policies	Completed	<ul style="list-style-type: none"> <li>• Local improvement charges</li> <li>• Taxpayer relations</li> <li>• Dispute prevention</li> </ul>
2 projects with other institutions completed	Completed	<ul style="list-style-type: none"> <li>• Local revenue accounts (Financial Management Board)</li> <li>• Local revenue audits (Financial Management Board)</li> </ul>
2 projects with other institutions initiated	Completed	<ul style="list-style-type: none"> <li>• Borrowing process (Financial Management Board &amp; First Nations Finance Authority)</li> <li>• Section 83 Financial Management by-law coordination process with Financial Management Board</li> </ul>

## 2010/11 Strategies and Activities

Law review standards – Develop and seek public input on new or revised standards relating to expenditures, borrowing laws, the calculation of borrowing capacity, and two business activity taxes. The completion of the regulation to use other revenues for First Nations Finance Authority debentures in this fiscal year may require the revision of other law review standards in 2010/11.

Policies in process – Continue the policy development processes for taxes on business activities, FNTC-initiated reviews, removal from the FSMA Schedule and federal own-source revenue policy. Begin the policy development process regarding the representation of taxpayer interests in decisions of the Commission and enabling the FSMA option for treaty First Nations.

Section 83 policies – Undertake an annual policy review and seek input on updated s.83 policies relating to expenditures, rates, property taxation, and assessment.

Projects with other institutions.

1. Complete projects relating to First Nations Finance Authority debentures using other revenues and the joint s.83 financial management by-law coordination project with the Financial Management Board.
2. Initiate projects relating to capacity development for FSMA First Nations, law development coordination with Financial Management Board, and a borrowing simulation project.

### *2010/11 Performance Measures*

- Approve 4 standards/procedures
- 6 policies in progress
- Review 4 s.83 policies
- Complete 2 projects with other institutions
- Initiate 3 projects with other institutions

### *Law/By-law Review and Regulations*

The objective of the Law/By-law Review and Regulations 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 and the associated regulatory framework, and by providing support, such as sample laws, to First Nations in the law development process.

### **2009/10 Results**

OBJECTIVE	PROGRESS	DETAILS
Develop 7 sample laws	Exceeded	<ul style="list-style-type: none"> <li>• Taxpayer Representations to Council</li> <li>• Taxation for the provision of services</li> <li>• Sample property tax and assessment laws for Nova Scotia, Manitoba and Saskatchewan</li> <li>• Development Cost Charges</li> </ul>
10 First Nation by-law conversions	Completed	<ul style="list-style-type: none"> <li>• 10 additional First Nations enact FSMA laws</li> </ul>
Review 70 FSMA laws	Exceeded	<ul style="list-style-type: none"> <li>• 85 FSMA laws reviewed</li> </ul>
Review 50 by-laws	Exceeded	<ul style="list-style-type: none"> <li>• 61 by-laws reviewed</li> </ul>
FSMA legislative amendments	Ongoing	<ul style="list-style-type: none"> <li>• Proposed amendments to FSMA and regulations provided to Canada</li> </ul>
Regulation development	Ongoing	<ul style="list-style-type: none"> <li>• Section 141 regulation for Westbank and Tsawassen</li> <li>• Other revenues regulation</li> </ul>
Monitor legal developments	Ongoing	<ul style="list-style-type: none"> <li>• Review and analysis of court decisions and legal changes.</li> </ul>



### *2010/11 Strategies and Activities*

Sample laws – Amend and update sample expenditure and borrowing laws as required by the other revenues regulation, develop Manitoba business activity tax sample, a business activity hotel tax sample and sample laws to support First Nations participating in the FSMA through a s.141 regulation.

FSMA laws reviewed – Provide at least 80 reviews of FSMA laws to the FNTC for review and approval.

By-laws reviewed – Provide at least 50 reviews of s.83 by-laws by FNTC and provide recommendations to the Minister of Indian and Northern Affairs Canada.

FSMA legislative amendments – Work with Canada to implement legislative amendments.

Regulations – Work with Canada, as required, to develop s.141 regulations to ensure that First Nations that are subject to self-government agreements, treaties or land claims settlements could benefit from the services of the FSMA. Work with Canada and other institutions to continue to develop regulations to allow other revenue streams to be used for First Nation debenture financing.

### *2010/11 Performance Measures*

- Produce 3 sample laws
- Regulations – s.141 and other revenues debentures
- Review 80 FSMA laws
- Review 50 s.83 by-laws
- Legislative amendments
- Develop 2 regulations

### *Communications*

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

## 2009/10 Results

OBJECTIVE	PROGRESS	DETAILS
CNR Meeting	Completed	<ul style="list-style-type: none"> <li>CNR interests meeting held in Prince George in February.</li> </ul>
Annual Report	Completed	<ul style="list-style-type: none"> <li>Annual Report published in July 2009</li> </ul>
Annual Meeting Materials and Support	Completed	<ul style="list-style-type: none"> <li>Provided materials and support for annual meeting.</li> </ul>
Update and Maintain Website	Ongoing	<ul style="list-style-type: none"> <li>Website updated and operational</li> </ul>
Video	Completed	<ul style="list-style-type: none"> <li>Video developed about the history and vision of the FNTC.</li> </ul>
Presentations	Ongoing	<ul style="list-style-type: none"> <li>Over 30 FNTC presentations made</li> </ul>
<i>Official Languages Act</i> requirements	Ongoing	<ul style="list-style-type: none"> <li><i>Official Languages Act</i> requirements met</li> </ul>
Newsletter	Ongoing	<ul style="list-style-type: none"> <li>4 editions of Clearing the Path published</li> </ul>

## 2010/11 Strategies and Activities

Annual Report – Prepare the FNTC Annual Report within 120 days of March 31, 2010.

Annual Meeting – Coordinate and develop materials for the FNTC annual meeting scheduled for October 2010.

National Meeting – Coordinate and develop materials for a national meeting of First Nation tax authorities tentatively scheduled for November 2010.

Website – Continue to update the FNTC website throughout the corporate plan period.

Presentations – Coordinate and develop FNTC presentations for interested First Nations and other stakeholders as requested.

*Official Languages Act* – Continue to ensure that the FNTC meets its *Official Languages Act* requirements.

Newsletter – Continue to publish “Clearing the Path” newsletter

## 2010/11 Performance Measures

- Prepare and publish Annual Report
- Coordinate and develop materials for annual meeting
- Hold national meeting for First Nation tax authorities
- Update and maintain website
- Develop presentations
- Ensure compliance with *Official Languages Act* obligations
- Publish newsletter

## *Education*

The objective of the Education program 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 (FSMA, s.29(e), (f), and (h)).

FNTC education activities are undertaken through a working agreement and contract with the Tulo Centre and in partnership with Thompson Rivers University. The partnership between the Tulo Centre, Thompson Rivers University, and FNTC is intended to provide students with an accredited education program that results in an understanding of how to provide administrative and legal certainty as well as quality infrastructure to facilitate investment on First Nation lands.

The Certificate in Applied First Nation Economics was accredited in 2007/2008. The Certificate in First Nation Tax Administration was not accredited until November 2009. This caused considerable delay in the delivery of these 8 associated courses but all are now scheduled for the upcoming fiscal year. The Tulo Centre is now working with Thompson Rivers University on a Diploma in First Nation Applied Economics. Each of these represents the first of its kind in Canada.

## 2009/10 Results

OBJECTIVE	PROGRESS	DETAILS
Curriculum for Certificate in First Nation Tax Administration Courses	Completed	<ol style="list-style-type: none"> <li>1. APEC 165: Communications &amp; Taxpayer Relations</li> <li>2. APEC 166: Service Agreements &amp; Joint Contracts</li> <li>3. APEC 167: Development Cost Charges</li> <li>4. APEC 168: Capital Infrastructure &amp; Debenture Financing</li> <li>5. ECON 264: Commercial and Residential Development on First Nation Lands</li> </ol>
Certificate in First Nation Tax Administration Accredited	Completed	November 2009
Develop 2 online courses	Exceeded	<ol style="list-style-type: none"> <li>1. APEC 161: Introduction to First Nation Taxation</li> <li>2. APEC 162: Establishing First Nation Tax Rates &amp; Expenditures</li> <li>3. APEC 163: Assessment and Assessment Appeals</li> <li>4. APEC 164: Administration – Tax Notices, Collection &amp; Enforcement</li> </ol>
Deliver 9 certificate courses	Completed	<ol style="list-style-type: none"> <li>1. APEC 161: Introduction to First Nation Taxation</li> <li>2. APEC 161: Introduction to First Nation Taxation</li> <li>3. APEC 161: Introduction to First Nation Taxation</li> <li>4. APEC 162: Establishing First Nation Tax Rates &amp; Expenditure</li> <li>5. APEC 163: Assessment and Assessment Appeals</li> <li>6. APEC 164: Administration – Tax Notices, Collection &amp; Enforcement</li> <li>7. ECON 263: Issues in Aboriginal Economics</li> <li>8. ECON 264: Commercial and Residential Development on First Nation Lands</li> <li>9. TUTORIAL SERIES – TAX ADMINISTRATION: <ul style="list-style-type: none"> <li>• 8 Tutorials: Submitting Tax Rates &amp; Expenditures</li> <li>• 10 Tutorials: Tax Administration Software</li> </ul> </li> </ol>
Tax Administration Software released and support provided	Completed	<ul style="list-style-type: none"> <li>• Tax Administration Software released pilot in May 2009</li> <li>• 2010 Tax Administration Software Version released January 2010</li> <li>• Tax Administration Software support program implemented</li> </ul>

## 2010/11 Strategies and Activities

Accreditation Process – Work with the Tulo Centre and Thompson Rivers University to combine the certificates in First Nation Tax Administration and First Nation Applied Economics to develop a proposed diploma in First Nation Applied Economics.

Curriculum Development – Develop curricula for Commercial and Residential Development on First Nation Lands and Facilitating Investment on First Nation Lands.

Online Courses – Develop online version of 4 courses in Certificate in First Nation Tax Administration courses

Course Delivery – Deliver, through the Tulo Centre and Thompson Rivers University, 6 accredited courses, either as one-week intensive courses or online.

Tax Administration Software – Maintain and provide technical support for Tax Administration Software.

### *2010/11 Performance Measures*

- Begin accreditation process for First Nation Applied Economics Diploma
- Develop 2 course curricula
- Develop 4 online courses
- Deliver 6 courses
- Provide Support for Tax Administration Software

### *Dispute Management*

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

### *2009/10 Results*

OBJECTIVE	PROGRESS	DETAILS
Maintain roster of mediators	Ongoing	Roster of mediators operational - 2 mediators listed
Respond to requests for facilitation	Ongoing	3 disputes facilitated
Section 33 review process operational	Ongoing	No complaints received

### *2010/11 Strategies and Activities*

Roster of Mediators – Maintain a roster of qualified mediators available for dispute resolution and provide additional training if required.

Facilitation Requests – Continue to respond to requests for facilitation of negotiations and disputes.

Training – Provide training to FNTC and selected First Nations on mutual gains negotiation and dispute resolution.

Section 33 Complaints Process – s.33 complaints process operational and available if required.

### *2010/11 Performance Measures*

- Roster of mediators maintained
- Facilitation of negotiations or dispute resolution provided on request
- Training provided to FNTC and selected First Nations

# 2010/11 Corporate Work Plan

BUSINESS LINE	OBJECTIVES & ACTIVITIES	PERFORMANCE MEASURES
Corporate Services	Corporate Plan & work plan	Produce and approve annual corporate plan, work plan & budget
	Special Examination	Contract and Manage internal special examination
	4 general FNTC meetings	Hold 4 general FNTC meetings
	6 law review meetings	Hold 6 law review meetings
	Manage the <i>First Nations Gazette</i>	Publish <i>First Nations Gazette</i> and maintain online <i>First Nation Gazette</i>
	Operate the First Nation support program to enable another 10 First Nations to implement FSMA	Provide law conversion support to 10 First Nations
	Manage Special Initiatives: <ul style="list-style-type: none"> <li>• Treaty Land Entitlement support</li> <li>• First Nation Property Ownership consultation</li> <li>• FNGST</li> <li>• CNR</li> <li>• Capacity Development</li> <li>• Local Revenue Framework Research</li> </ul>	Manage Special Initiatives
	Facilities management	
	Administrative management	
	Committee support	
	Meet <i>Access to Information Act</i> and <i>Privacy Act</i> and <i>Official Languages Act</i> requirements	
	Maintain registry of approved First Nation laws and by-laws	
	Hold Annual General Meeting	AGM held



BUSINESS LINE	OBJECTIVES & ACTIVITIES	PERFORMANCE MEASURES
Policy Development	<p>Develop and seek public input on the following standards:</p> <ol style="list-style-type: none"> <li>1. Expenditures</li> <li>2. Borrowing laws</li> <li>3. The calculation of borrowing capacity</li> <li>4. 2 types of business activity taxes</li> </ol>	4 standards approved
	<p>Undertake review of the following s.83 policies:</p> <ol style="list-style-type: none"> <li>1. Expenditures</li> <li>2. Rates</li> <li>3. Property taxation</li> <li>4. Assessment</li> </ol>	Review 4 s.83 policies
	<p>Continue/begin policy development process for:</p> <ol style="list-style-type: none"> <li>1. Taxes on business activities</li> <li>2. FNTC-initiated reviews</li> <li>3. Opting out of the FSMA</li> <li>4. Federal Own-Source Revenue Policy</li> <li>5. Representation of taxpayer interests in decisions of the Commission</li> <li>6. Enabling Treaty First Nations to participate in the FSMA</li> </ol>	6 policies in process
	<p>Complete projects with other institutions related to:</p> <ul style="list-style-type: none"> <li>• Other revenues debentures</li> <li>• Section 83 Financial Management by-law review</li> </ul> <p>Initiate projects with other institutions related to:</p> <ul style="list-style-type: none"> <li>• Capacity development for FSMA First Nations</li> <li>• Law development coordination with Financial Management Board</li> <li>• Borrowing simulation project</li> </ul>	<p>Complete 2 projects with other institutions</p> <p>Initiate 3 projects with other institutions</p>

BUSINESS LINE	OBJECTIVES & ACTIVITIES	PERFORMANCE MEASURES
Law/By-law Review and Regulation	Amend/update sample expenditure and borrowing laws. Develop the following sample laws: <ul style="list-style-type: none"> <li>Manitoba Business Tax</li> <li>Hotel tax</li> <li>FSMA s.141 First Nations</li> </ul>	Produce 3 sample laws
	FSMA laws reviewed	Review 80 FSMA laws
	Section 83 by-laws reviewed	Review 50 s.83 by-laws
	Work with Canada to implement FSMA legislative amendments	
	Work with Canada to develop s.141 regulations and regulations regarding other revenue debentures	2 regulations
Communications	Annual Report	Prepare Annual Report
	Coordinate and develop materials for FNTC annual meeting	Provide materials and support for annual meeting
	Coordinate national meeting for taxing First Nation tax authorities	Hold national meeting
	Update and maintain website	Website maintained
	Coordinate and develop presentations	Presentations developed
	Ensure FNTC meets <i>Official Languages Act</i> requirements	Compliance with <i>Official Languages Act</i> requirements
	Publish quarterly newsletter	Newsletter published
Education	Accreditation – begin accreditation process with Thompson Rivers University towards proposed diploma in First Nation Applied Economics	First Nation Applied Economics Diploma Accreditation in process
	Develop curricula for 2 courses	<ol style="list-style-type: none"> <li>ECON 265: Facilitating Investment on First Nation Lands</li> <li>ECON 270: Economic Feasibility and Impact Analysis on First Nation Lands.</li> </ol>
	Develop online versions of 4 courses in the Certificate of First Nation Tax Administration	<ol style="list-style-type: none"> <li>APEC 165: Communications &amp; Taxpayer Relations</li> <li>APEC 166: Service Agreements &amp; Joint Contracts</li> <li>APEC 167: Development Cost Charges</li> <li>APEC 168: Capital Infrastructure &amp; Debenture Financing</li> </ol>
	Deliver 6 courses	6 courses delivered
	Maintain and provide support for Tax Administration Software	Tax Administration Software Maintenance and support provided

BUSINESS LINE	OBJECTIVES & ACTIVITIES	PERFORMANCE MEASURES
Dispute Management	Maintain roster of qualified mediators and provide training	Roster of mediators maintained and training provided
	Respond to requests for dispute facilitation	Facilitation or dispute resolution provided on request
	Section 33 review process operational	
	Provide training to FNTC /selected First Nations for <ul style="list-style-type: none"> <li>• Mutual Gains Negotiations</li> <li>• Dispute Resolution</li> </ul>	Training delivered

# FNTC Financial Plan

This section presents the 2010/11 to 2014/15 financial plans for the FNTC and an overview of the current financial performance of the Commission.

## *Financial Performance 2008/09 and 2009/10*

The FNTC concluded its most recent fiscal year (2008/09) with a net surplus of \$0. Financial assets at that time totaled \$1,564,959 and liabilities totaled \$1,574,335. The FNTC's non-financial assets consisted of prepaid expenses and capital assets. The FNTC's capital assets consist solely of furniture, computer equipment and leasehold improvements. The Commission does not own real property and does not carry debt. The Commission has, over the last fiscal year, operated within 0% -1% of its planned budget for expenditures.

Below is an overview of the FNTC's actual performance for the 2008/09 against its plan and its projected performance for the 2009/10 against its plan with an explanation of significant variances.

### Statement of Operations (in \$'s)

	2008/09 Budget	2008/09 Actual	2009/10 Budget	2009/10 Forecast
<b>Revenue</b>				
Government of Canada	\$ 5,738,000	\$ 5,738,000	\$ 5,477,327	\$ 5,477,335
Government of Canada - Special Initiatives	-	487,100	-	298,000
Other	26,000	37,376	26,000	6,454
	5,764,000	6,262,476	5,503,327	5,781,789
<b>Expenses</b>				
Commission Costs	878,539	875,370	817,782	816,766
Corporate Services	1,077,906	1,118,312	1,032,544	1,044,442
Gazette Operations	322,546	311,945	304,750	295,922
Policy Development	847,351	821,439	811,804	798,099
Education	386,200	437,036	484,316	484,654
Dispute Management	260,246	225,884	235,821	235,698
Communication Costs	729,930	781,884	622,792	668,396
Law Review, By-law Review and Regulations	1,161,282	1,103,506	1,193,518	1,139,811
Special Costs	100,000	100,000	-	-
Research Costs	-	487,100	-	298,000
	5,764,000	6,262,476	5,503,327	5,781,789
<b>Net Surplus</b>	\$ -	\$ -	\$ -	\$ -

### Statement of Financial Position (in \$s)

	2008/09 Actual	2009/10 Forecast
<b>Financial Assets</b>		
Cash	\$ 856,832	\$ 992,778
Accounts receivable	708,127	144,383
	<u>1,564,959</u>	<u>1,137,161</u>
<b>Liabilities</b>		
Accounts payable	698,445	700,000
Contracts payable	875,890	450,000
	<u>1,574,335</u>	<u>1,150,000</u>
<b>Net Debt</b>	(9,376)	(12,839)
<b>Non-Financial assets</b>		
Prepaid expenses	9,537	13,000
Capital assets	596,759	597,407
	<u>606,296</u>	<u>610,407</u>
<b>Net Position</b>	\$ 596,920	\$ 597,569
<b>Surplus and Equity</b>		
Equity in capital assets	\$ 596,759	\$ 597,407
Unrestricted surplus	161	161
<b>Net Position</b>	\$ 596,920	\$ 597,569

### Statement of Cash Flows (in \$'s)

	2008/09 Actual	2009/10 Forecast
<b>Operating Activities</b>		
Cash receipts from various sources	\$ 6,111,120	\$ 6,345,533
Cash paid to employees and suppliers	(6,198,926)	(6,059,587)
<b>Cash flows from operating activities</b>	<u>(87,806)</u>	<u>285,946</u>
<b>Investing Activities</b>		
Purchase of tangible capital assets	(302,653)	(150,000)
<b>Net increase in cash during the year</b>	<u>(390,459)</u>	<u>135,946</u>
<b>Cash, beginning of the year</b>	1,247,291	856,832
<b>Cash, end of the year</b>	\$ 856,832	\$ 992,778

### 2008/09 Budget vs. 2008/09 Actual and 2009/10 Budget vs. 2009/10 Forecast

#### Revenues 2008/09 Actual

Revenues for 2008/09 were \$6.26 million, \$498 thousand over a budgeted plan of \$5.76 million. Additional funding of \$487 thousand was received from Canada to undertake special research on the development of a First Nation land title system. This revenue was not budgeted for at the beginning of the planning period. In addition to this special project funding from Canada, the FNTC earned other income of \$37 thousand from bank interest and *First Nation Gazette* sales.

### *Expenses 2008/09 Actual*

Expenses for 2008/09 were \$6.26 million, \$498 thousand over budgeted expenditures of \$5.76 million. Special research costs of \$487 thousand undertaken by the Commission in 2008/09 represented a significant portion of this budget variance.

### *Capital Expenditures 2008/09 Actual*

Capital expenditures during the 2008/09 are related to information technology related equipment including servers and lifecycle replacement of desktop computer and laptops as well as leasehold improvements and furniture for the expansion of the head office.

### *Revenues 2009/10 Forecast*

Revenues for 2009/10 are forecast to be \$5.78 million, \$280 thousand over the budgeted plan of \$5.50 million. The forecasted variance is a result of additional funding of \$298 thousand from Canada for special research projects offset by anticipated lower interest revenue for the year of \$18 thousand.

### *Expenses 2009/10 Forecast*

Expenses for 2009/10 are forecast to be \$5.78 million with no deficit or surplus for the year. Communication costs are forecast to be over budget and will be offset by a reduction in expenditures in planned law review costs for the year. No other significant variances in program categories are forecast for 2009/10.

### *Capital Expenditures 2009/10 Forecast*

Capital expenditures forecast during the 2009/10 are related to information technology related equipment including lifecycle replacement of desktop computer and laptops as well as minor furniture additions.

## ***Financial Plan 2010/11 to 2014/15***

The proposed budget for the FNTC for 2010/11 is balanced and has revenues and expenditures set at \$5.9 million. The plan includes revenue from the Government of Canada for its core activities of \$5.71 million, \$200 thousand from the Government of Canada for hosting a national First Nation Tax Administrators meeting, and \$2 thousand in revenue from other sources.

The table below contains the financial plan for the FNTC for 2010/11 to 2014/15. The following assumptions have been made in the preparation of the 2010/11 financial plan:

1. The financial plans have been prepared based on a detailed review of the FNTC business lines including the strategies and activities planned for 2010/11, and best estimates of management for the cost of activities under each business line.
2. The financial plans for the periods 2010/11 to 2014/15 cover the 12-month periods ending March 31.
3. No provision has been made for an increase in commissioner remuneration for 2010/11 as these rates are determined and set by the Governor in Council.



4. The financial plan includes the estimated costs of continuing to provide services to First Nations under s.83.
5. Other income consists of revenue from the *First Nations Gazette* sales.
6. Government holdbacks totalling 10% of annual funding is assumed to be released as follows: 75% prior to the fiscal year end and 25% subsequent to the Fiscal Year.

#### Statement of Operations (in \$'s)

	2010/11 Plan	2011/12 Plan	2012/13 Plan	2013/14 Plan	2014/15 Plan
<b>Revenue</b>					
Government of Canada	\$ 5,715,996	\$ 5,801,837	\$ 5,823,971	\$ 5,829,728	\$ 5,912,119
Government of Canada - Special Initiatives	200,000	-	-	-	-
Other	2,000	2,000	2,000	2,000	2,000
	5,917,996	5,803,837	5,825,971	5,831,728	5,914,119
<b>Expenses</b>					
Commission Costs	883,780	864,870	875,534	870,449	878,598
Corporate Services	1,141,020	1,133,346	1,166,817	1,162,978	1,185,155
Gazette Operations	311,721	318,865	326,184	333,280	340,955
Policy Development	859,365	898,716	913,735	913,366	928,689
Education	490,220	501,555	512,380	510,684	508,929
Dispute Management	202,158	210,451	206,785	209,663	212,583
Communication Costs	623,296	706,440	706,016	715,006	724,155
Law/By-law Review and Regulations	1,206,436	1,169,594	1,118,520	1,116,302	1,135,055
Special Costs	200,000	-	-	-	-
Research Costs	-	-	-	-	-
	5,917,996	5,803,837	5,825,971	5,831,728	5,914,119
<b>Net Surplus</b>	\$ -	\$ -	\$ -	\$ -	\$ -

#### Statement of Financial Position (in \$s)

	2010/11 Plan	2011/12 Plan	2012/13 Plan	2013/14 Plan	2014/15 Plan
<b>Financial Assets</b>					
Cash	\$ 801,437	\$ 816,895	\$ 834,386	\$ 852,738	\$ 869,636
Accounts receivable	152,900	155,046	155,599	155,743	157,803
	954,337	971,941	989,985	1,008,481	1,027,439
<b>Liabilities</b>					
Accounts payable	717,500	735,437	753,823	772,669	791,986
Contracts payable	250,000	250,000	250,000	250,000	250,000
	967,500	985,437	1,003,823	1,022,669	1,041,986
<b>Net Debt</b>	(13,163)	(13,496)	(13,838)	(14,188)	(14,547)
<b>Non-Financial assets</b>					
Prepaid expenses	13,325	13,658	14,000	14,350	14,709
Capital assets	477,925	382,340	305,871	244,697	195,757
	491,250	395,998	319,871	259,047	210,466
<b>Net Position</b>	\$ 478,087	\$ 382,502	\$ 306,033	\$ 244,859	\$ 195,919
<b>Surplus and Equity</b>					
Equity in capital assets	\$ 477,926	\$ 382,341	\$ 305,872	\$ 244,698	\$ 195,758
Unrestricted surplus	161	161	161	161	161
<b>Net Position</b>	\$ 478,087	\$ 382,502	\$ 306,033	\$ 244,859	\$ 195,919

#### Statement of Cash Flows (in \$'s)

	2010/11 Plan	2011/12 Plan	2012/13 Plan	2013/14 Plan	2014/15 Plan
<b>Operating Activities</b>					
Cash receipts from various sources	\$ 5,909,479	\$ 5,801,691	\$ 5,825,418	\$ 5,831,584	\$ 5,912,059
Cash paid to employees and suppliers	(6,100,821)	(5,786,232)	(5,807,927)	(5,813,232)	(5,895,161)
<b>Cash flows from operating activities</b>	(191,342)	15,459	17,491	18,352	16,898
<b>Investing Activities</b>					
Purchase of capital assets	-	-	-	-	-
<b>Net increase in cash during the year</b>	(191,342)	15,459	17,491	18,352	16,898
<b>Cash, beginning of the year</b>	992,778	801,436	816,895	834,386	852,738
<b>Cash, end of the year</b>	\$ 801,436	\$ 816,895	\$ 834,386	\$ 852,738	\$ 869,636