

February 10, 2011

# First Nations Tax Commission Corporate Plan 2011/2012



# Mission

The mission of the First Nations Tax Commission (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.



# Mandate

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

“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 and Northern Affairs Canada (INAC), 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*.

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# Abbreviations

ATIP	Access to Information and Privacy
BATs	Business Activity Taxes
DCCs	Development Cost Charges
FFAED	Federal Framework on Aboriginal Economic Development
FMB	First Nations Financial Management Board
FNFA	First Nation Finance Authority
FNGST	First Nations Goods and Services Tax
FNPO	First Nations Property Ownership
FNTC	First Nations Tax Commission
FSMA	<i>First Nations Fiscal and Statistical Management Act</i>
INAC	Indian and Northern Affairs Canada
OLA	<i>Official Languages Act</i>
TAS	Tax Administration Software
TLE	Treaty Land Entitlement
TRU	Thompson Rivers University

# Executive Summary

The First Nations Tax Commission (FNTC) is a shared governance institution that has been in operation since 2007. The main purpose of the FNTC is to maximize the benefits of First Nation property tax and local revenue systems to First Nation tax authorities, their taxpayers and Canada. For the fourth consecutive year, the FNTC has met all the goals established in its Corporate Plan.

The FNTC Corporate Plan 2011/2012 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 federal deficit reduction, the gradual economic recovery, provincial policy changes, and emerging federal Aboriginal policies concerning Aboriginal economic development, treaty settlement in BC, own-source revenues and First Nation property ownership.

The FNTC Corporate Plan 2011/2012 presents strategies to manage these risks including expanding FSMA participation, expanding local revenue options, facilitating agreements with provinces as required, and working more closely with First Nations and Canada to help implement the Federal Framework on Aboriginal Economic Development (FFAED). The FNTC will also work with supportive First Nations and Canada to establish a mandate for the property ownership legislative process. The Corporate Plan contains an accountability performance measures framework consistent with Part 6 of the *First Nations Fiscal and Statistical Management Act* (FSMA).

Highlights of Corporate Plan 2011/2012 include:

- Increase FSMA participation by working to expand local revenue options and responding to increased demand from First Nations in Alberta, Saskatchewan, and Manitoba.
- Develop infrastructure financing and capacity development proposals to Canada to support the FFAED.
- Facilitate agreements as necessary to address changes to the home owner grant in BC, provincial taxation portion in Saskatchewan, and First Nation utility taxation in New Brunswick.
- Develop, amend or consolidate six sample laws and standards related to expenditures, property tax and assessment in selected provinces, development cost charges (DCC), taxation for the provision of services, delegation of authority and business activities.
- Expand the number of courses offered through the partnership with the Tulo Centre of Indigenous Economics (Tulo) and Thompson Rivers University (TRU) and see the first students graduate in the Certificate in First Nation Tax Administration program.
- Launch an Alberta version of the Tax Administration Software (TAS).

- Work with Canada to complete the seven-year evaluation of the FSMA and implement FSMA legislative changes to improve its efficiency and expand First Nation participation.
- Improve access to capital and help finance economic infrastructure by working with other FSMA institutions and Canada to ensure FSMA First Nations have access to the range of infrastructure financing options available to other governments in Canada.
- Launch an improved FNTC website and publish a revised *Guide to First Nation Property Taxation*.
- Work with Canada to develop property ownership legislative options that will result in tenure certainty and lower costs of doing business on First Nation lands.
- Continue work with Canada and First Nations to improve Treaty Land Entitlement (TLE) implementation in Manitoba, support communities interested in the First Nations Goods and Services Tax (FNGST) and taxation of business activities and utilities.

The following table summarizes the FNTC's financial plan for the 2011/2012 fiscal year.

<b>FNTC Financial Performance (for the years ending March 31)</b>			
	2009/10 Actual	2010/11 Forecast	2011/12 Plan
<b>Revenue</b>			
Government of Canada	\$ 5,477,335	\$ 5,715,996	\$ 5,801,309
Government of Canada - Special Initiatives	298,000	1,338,790	75,000
Other	15,177	194,988	3,000
	5,790,512	7,249,774	5,879,309
<b>Expenses</b>			
Commission Costs	797,309	831,813	853,455
Corporate Services	1,146,657	1,197,196	1,226,875
<i>Gazette</i> Operations	247,775	222,269	202,209
Policy Development	822,035	868,967	836,806
Education	484,207	587,163	540,671
Dispute Management	234,318	200,662	157,095
Communication costs	706,892	658,456	691,714
Law Review, By-law review and Regulations	1,157,232	1,162,881	1,295,484
Special Initiatives	298,000	1,520,367	75,000
	5,894,425	7,249,774	5,879,309
<b>Net Surplus</b>	<b>\$ (103,913)</b>	<b>\$ -</b>	<b>\$ -</b>

# Corporate Profile

## Structure

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

- C.T. (Manny) Jules, Kamloops, BC (Chief Commissioner/CEO)
- 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 Tk'emlúps Indian Band, (s.26(1) FSMA) and an office in the National Capital Region (s.26(2) FSMA).

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.

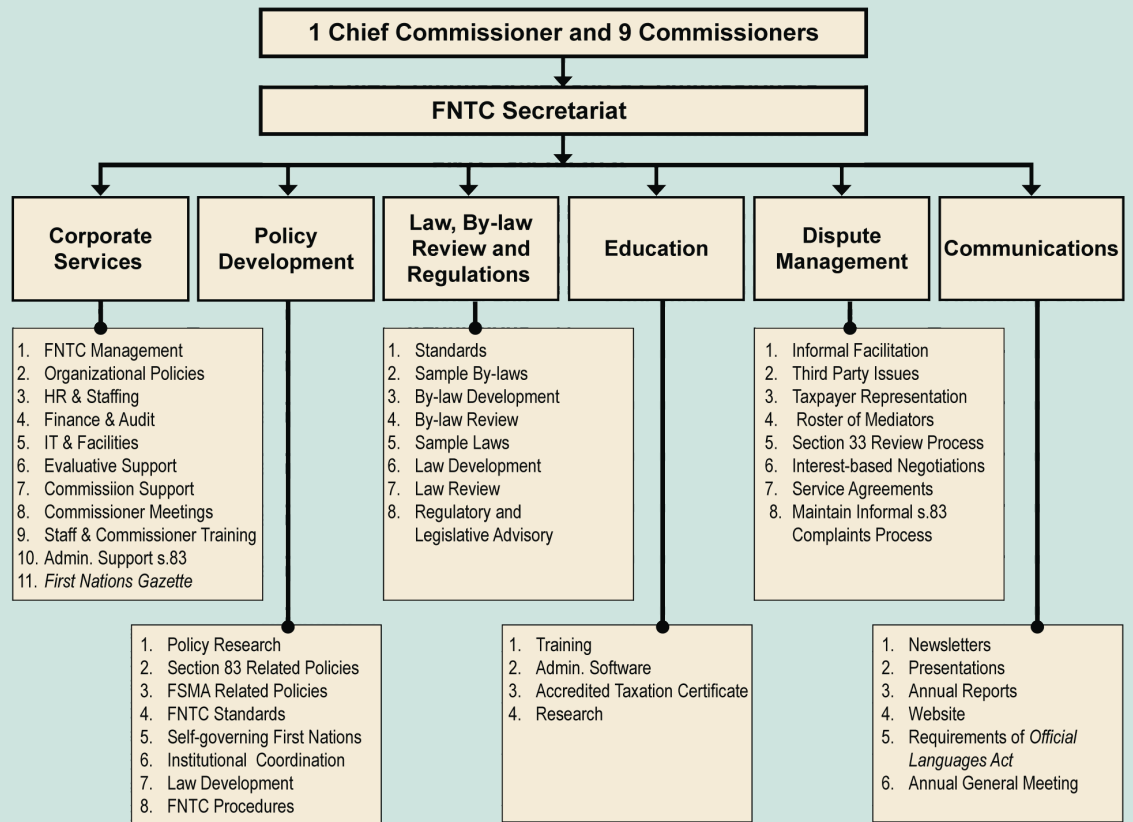
## Governance

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

The FNTC operates six business lines, as illustrated below.





# 2010/2011 Performance against Objectives

## Highlights

Objective	Performance
Corporate Services	
Corporate Plan and Work Plan	Work Plan and Budget completed Annual Corporate Plan completed
Special examination	Scope of work approved by FNTC Audit Committee Anticipated completion March 31, 2011
Four general FNTC meetings and six law review meetings	Commission meetings held in Cranbrook, Kamloops, Toronto, scheduled for Brokenhead  8 law review meetings held 11 by-law review meetings held
Manage <i>First Nations Gazette</i> and maintain online <i>First Nations Gazette</i>	<i>Gazette</i> published Online support maintained
Operate the First Nations support program to enable another 10 First Nations to implement FSMA	3 first nations transitioned to FSMA completed, additional 12 communities underway
Manage Special Initiatives <ul style="list-style-type: none"> <li>• Treaty Land Entitlement support</li> <li>• First Nations property ownership consultations</li> <li>• FNGST</li> <li>• CNR</li> <li>• Capacity development</li> <li>• Local revenue framework research</li> </ul>	<ul style="list-style-type: none"> <li>• TLE support provided in Manitoba</li> <li>• FNPO consultations ongoing and October conference</li> <li>• FNGST support provided to 3 First Nations</li> <li>• CNR working group established</li> <li>• Proposal for Tulo partnership with INAC completed</li> <li>• Research completed for own-source revenue and treaties</li> </ul>
Facilities management	Facilities maintained
Administrative management	Administrative management support provided
Committee support	On going
Maintain registry of approved First Nation laws and by-laws	Registry maintained
Hold annual general meeting	Annual meeting held September 2010

## Performance against Objectives 2010/2011

Objective	Performance
Policy	
Develop and seek public input on standards: <ul style="list-style-type: none"> <li>• Expenditures</li> <li>• Borrowing laws</li> <li>• Calculation of borrowing capacity</li> <li>• 2 types of business activity taxes</li> </ul>	4 standards revised and approved: <ul style="list-style-type: none"> <li>• Property assessment standard amendment</li> <li>• Expenditure standard amendment</li> <li>• Manitoba business tax</li> <li>• Alberta business tax</li> </ul>
Undertake review of 4 s.83 policies: <ul style="list-style-type: none"> <li>• Expenditures</li> <li>• Rates</li> <li>• Property Taxation</li> <li>• Assessment</li> </ul>	4 s.83 policies reviewed
Continue/begin policy development process for: <ul style="list-style-type: none"> <li>• Taxes on business activities</li> <li>• FNTC-initiated reviews</li> <li>• Opting out of the FSMA</li> <li>• Federal Own-Source Revenue Policy</li> <li>• Representation of taxpayer interests in decisions of the Commission</li> <li>• Enabling treaty First Nations to participate in the FSMA</li> </ul>	Policy development completed
Complete 2 projects with other institutions <ul style="list-style-type: none"> <li>• Debentures using other revenues</li> <li>• Section 83 financial management by-law review</li> </ul>	2 projects completed with other institutions <ul style="list-style-type: none"> <li>• Other revenues regulation completed</li> <li>• By-law review process finalized</li> </ul>
Initiate 3 projects with other institutions <ul style="list-style-type: none"> <li>• Capacity development for FSMA First Nations</li> <li>• Law development coordination with FMB</li> <li>• Borrowing simulation project</li> </ul>	3 projects initiated with other institutions <ul style="list-style-type: none"> <li>• Work with FMB underway</li> <li>• Law registry project with FMB completed</li> <li>• Borrowing process completed with FMB and FNFA, and</li> <li>• Borrowing simulation completed</li> </ul>

Objective	Performance
<b>Law/By-law Review and Regulations</b>	
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>	3 Sample laws produced <ul style="list-style-type: none"> <li>• Quebec Property Assessment Law</li> <li>• Quebec Property Taxation Law</li> <li>• Manitoba/Alberta Business Tax Law</li> </ul>
80 FSMA laws reviewed	82 laws reviewed to date
50 s.83 by-laws reviewed	56 by-laws reviewed and recommended to date
Work with Canada to implement FSMA legislative amendments	List of amendments provided to First Nations and INAC
Work with Canada to develop: <ul style="list-style-type: none"> <li>• Regulations regarding other revenue debentures</li> <li>• Section 141 regulations</li> </ul>	3 Regulations developed or in progress <ul style="list-style-type: none"> <li>• Other revenues regulation complete</li> <li>• Section 141 Westbank regulation in development</li> <li>• Section 141 Tsawwassen regulation in development</li> </ul>
<b>Communications</b>	
Prepare and publish Annual Report	Annual Report published July 2010
Coordinate and develop materials for FNTC annual meeting	Annual meeting held September 2010 – Kamloops
Support national meeting for First Nation Taxing Authorities	National meeting held October 2010 – Vancouver
Update and maintain website	Website up-to-date and maintained
Coordinate and develop presentations	Presentations developed and provided on request
Compliance with OLA obligations	OLA obligations met
Publish <i>Clearing the Path</i> newsletter	<i>Clearing the Path</i> published quarterly

Objective	Performance
<b>Education</b>	
Begin accreditation process for First Nation Applied Economics Diploma	Accreditation under way with TRU
Develop Curricula for: <ul style="list-style-type: none"> <li>• ECON 265: Facilitating Investment on First Nation Lands</li> <li>• ECON 270: Commercial and Residential Development on First Nation Lands</li> </ul>	<ul style="list-style-type: none"> <li>• ECON 265 – completed</li> <li>• ECON 270 – in progress</li> </ul>
Develop online versions of 4 courses in the Certificate of First Nation Tax Administration <ul 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> </ul>	4 online courses being developed with TRU
Deliver 6 courses	7 courses delivered <ul style="list-style-type: none"> <li>• APEC 161</li> <li>• APEC 163</li> <li>• APEC 164 (twice)</li> <li>• APEC 165</li> <li>• APEC 166</li> <li>• ECON 265</li> </ul>
Provide Support for TAS	Software updated TAS provided to First Nations
<b>Dispute Management</b>	
Maintain roster of qualified mediators and provide training	Roster of mediators maintained
Respond to requests for dispute facilitation	No requests for dispute facilitation received
Section 33 review process operational	Training completed, 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 provided

# External Risks and Strategies

## Analysis of 2010/2011 Risk Management Strategy

### Changes in Demand for FNTC Services

**Risks:** A risk was identified that the demand for FNTC services could be greater or less than anticipated for FSMA law review and s.33 complaint review, meetings and communications, infrastructure planning support, the Certificate in First Nation Tax Administration, FSMA laws for 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:** The FNTC addressed this risk by reallocating resources as needed, including additional Commissioner time, establishing reserve funds in the event of disputes or complaints, and implementing additional support programs and sample laws as needed.

**Assessment:** There were no s.33 complaints in 2010/2011. The FNTC completed its s.33 complaint guide and established a reserve fund in the event of a s.33 complaint. There was demand for DCC, provision of services and business activity laws in 2010/2011 that required resource allocation and which will require significantly more work in 2011/2012. The development and completion of the other revenues regulation and the special project on FNPO also entailed increased work for the FNTC. The FNTC risk management strategy was successful as it was able to meet all core deliverables.

### First Nation Capacity Constraints

**Risks:** The FNTC has identified that the pace of FSMA 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:** The FNTC addressed this risk by encouraging FSMA First Nations to enrol students in accredited courses in First Nation tax administration, debenture financing, and facilitating investment at Tulo and to allocate resources and staff to work with FSMA First Nations on law development and infrastructure planning.

**Assessment:** The FNTC has worked with First Nation tax administrators to provide mentoring support to develop First Nation laws. Enrolment in accredited courses at Tulo has increased and the FNTC has allocated increased resources and staff to work with FSMA First Nations on law development. The FNTC expects that these investments will begin to expedite the rate of law development over the next several fiscal years and beyond.

## Federal Government Budgetary Constraints and Global Economic Recovery Stalls

**Risks:** The FNTC identified a risk that departments will likely be encouraged to constrain or reduce funding to reduce the federal deficit. Tax collecting First Nations' funding might be impacted and this may result in changes to local service resource allocation. The FNTC also identified a risk that the global economic recovery may stall or Canada may slip back into recession. The FNTC thought this could again impact property values and employment, which would put pressure on First Nation local revenue budgets.

**Risk Management Strategies:** The FNTC managed this risk by working with First Nations on the development and implementation of their rates and expenditure laws/by-laws to ensure they comply with FNTC standards and policies. The FNTC also was prepared to 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.

**Assessment:** There were no s.33 complaints in 2010/2011 related to rates and expenditure laws. This remains an external risk for 2011/2012.

### Interest Rates Increase

**Risks:** The FNTC identified a risk that inflation concerns or the need of the US government 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 (FNFA) debentures, and could potentially affect the viability, scale, or financing of some First Nation infrastructure projects.

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

**Assessment:** Interest rates did not increase significantly. The FNTC did allocate substantial resources to ensure the completion of the other revenues borrowing regulation in 2010/2011. There were no FNFA debentures issued in 2010/2011. This remains a risk for 2011/2012.

### Assessment of External Environment

The external environment for this planning period should be dominated by four factors: federal deficit reduction, a gradual economic recovery, changing provincial policies and emerging federal Aboriginal policies. Each of these factors presents risks and opportunities to the FNTC in 2011/2012.

## Federal Deficit Reduction

The federal government is entering a prolonged period of fiscal restraint. The 2010/2011 federal budget contained a plan to eliminate the federal deficit by 2015 through cost savings which could impact First Nations. This could mean a capping of the growth rate of INAC's budget, which, in light of the growth of operational costs and the growth of the service population plus inflation, could put substantial pressure on transfers to First Nations. This could raise the demand for increasing local revenues from FSMA First Nations.

## Continued Gradual Economic Recovery

The most recent economic forecast from the Bank of Canada predicted the global recovery is expected to proceed at a gradual pace. The Bank of Canada forecasts Canadian real GDP to grow by 2.3 percent in 2011, and 2.6 percent in 2012. The Canadian economy is expected to return to full capacity and inflation to the 2 percent target by the end of 2012.

The Bank of Canada and the Minister of Finance have both recently expressed concerns about high levels of consumer debt and the Minister of Finance recently introduced policy changes to reduce consumer home equity-based borrowing. Although the inflation outlook is generally balanced it is possible that interest rates could rise in the coming year. This could reduce First Nation access to credit and reduce their ability to finance infrastructure.

With both governments and consumers reducing expenditures to lower their debt levels, economic growth will have to be driven by business investment. Investment will occur in areas of regional competitive strengths. For many regions in Canada this comparative advantage is related to resources. Provinces with greater resource development potential, such as Saskatchewan and Alberta, are expected to grow faster than others. This could increase demand for FNTC support from tax collecting First Nations in these provinces.

## Changing Provincial Policies

Three proposed provincial policy changes will impact the FNTC during 2011/2012:

1. BC Homeowner Grants - The BC government has raised the home owner grant in rural and northern areas. This will reduce provincial and possibly local government revenues. Local governments in BC are compensated for any losses from a carbon tax fund. Many tax collecting First Nations in BC mirror the provincial grant program. These higher grants will reduce First Nation local revenues. Negotiations for compensation from the province to support a matching program will be needed.

2. Saskatchewan Education Tax Reduction - With increases in resource revenues the Saskatchewan government is proposing to reduce the education tax portion of property tax in 2011/2012. Some tax collecting First Nations in Saskatchewan may reduce their property tax rates to remain competitive. This could significantly reduce their revenues, borrowing capacity and service provision. Tax rate variation could harm the Saskatchewan First Nation investment climate.
3. New Brunswick First Nation Property Taxation - The New Brunswick government has expressed an interest in providing assessment services to enable tax collection on First Nation lands. This would increase the number of First Nations in New Brunswick interested in participating in the FSMA.

### **Emerging Federal Aboriginal Policies**

Four emerging federal Aboriginal policies present opportunities and risks for the FNTC during this planning period:

1. FFAED - The framework focuses on facilitating private investment on First Nation lands and INAC has begun to implement policies and programs to implement the Framework. The FNTC has long recognized and promoted strong First Nation investment climate to raise property values, attract commercial and residential development, reduce the fiscal costs of First Nation poverty, and increase First Nation local revenues. The FNTC anticipates working with First Nations and with INAC during 2011/2012 to support the FFAED.
2. Own-Source Revenues - INAC's position on own-source revenues for self government and treaty First Nations is that at least part of local revenues would be included for the purpose of determining transfer offsets. All tax collecting First Nations could be impacted. The FNTC will continue to work with Canada to ensure that this policy does not inadvertently reduce FSMA participation and benefits.
3. Treaties in BC - The provincial and federal position at the BC Treaty process is that property tax regulation over treaty lands should revert to the Province. This puts the continuation of FNTC services to treaty First Nations at risk and does not consider the legislative intent of s.141 of the FSMA. The FNTC will work with First Nations, BC and Canada to discuss how best to provide access to FSMA services to treaty First Nations in BC.
4. FNPO - The federal and BC provincial governments support the FNPO initiative. The FNTC and proponent First Nations will build on this support and work to develop legislative options with Canada.



## 2011/2012 Risk Management Strategy

The table below demonstrates how the external policy environment creates risks to the FNTC. The third column contains an outline for the risk management strategy.

External Policy Environment	FNTC Risks and Opportunities	Risk Management Strategy
Federal deficit reduction	<ul style="list-style-type: none"> <li>• Increased demand for FNTC law development</li> <li>• Increased demand for FNTC business activity tax and other revenue option laws</li> </ul>	<ul style="list-style-type: none"> <li>• Support FFAED</li> <li>• Expand FSMA participation</li> <li>• Expand revenue options (BATs, FNGST, DCCs)</li> </ul>
Continued economic recovery	<ul style="list-style-type: none"> <li>• Interest rate increases and First Nation borrowing more difficult</li> <li>• Increased demand for support from First Nations with resource development potential</li> <li>• Infrastructure deficit widens</li> </ul>	<ul style="list-style-type: none"> <li>• Work with INAC to develop infrastructure grant program</li> <li>• Increase borrowing support for local revenue debentures</li> <li>• Information coordination with other institutions</li> <li>• Tulo financing infrastructure course</li> </ul>
Changing provincial policies	<ul style="list-style-type: none"> <li>• Increased taxpayer concerns</li> <li>• Lower First Nation revenues</li> <li>• More demand for FSMA</li> </ul>	<ul style="list-style-type: none"> <li>• Increased support for annual law development</li> <li>• Facilitate agreements with New Brunswick, BC, and Saskatchewan</li> </ul>
Federal Aboriginal policies	<ul style="list-style-type: none"> <li>• Increased resources to support First Nation economies</li> <li>• First Nation concerns with FSMA participation</li> <li>• Increased demand for communications</li> </ul>	<ul style="list-style-type: none"> <li>• Support FFAED</li> <li>• Implement FSMA amendments</li> <li>• Develop FNPO legislative options</li> <li>• Expand communications on FSMA benefits</li> <li>• Increase number of Tulo courses</li> <li>• Own-source revenue policy paper</li> <li>• Develop FSMA treaty option and work with First Nations in treaty process</li> </ul>

It is proposed that the FNTC focus 2011/2012 Corporate Plan resources on the following strategies and initiatives to manage the external environment risks:

**Changes in Service Demand** – Federal deficit reduction and economic considerations could increase demand for FSMA law development, especially in provinces where expected growth is higher than the national average. The FNTC will allocate resources to the development of business activity tax laws and supporting standards in response to demand from First Nations. The completion of the curriculum for all fourteen courses in certificates programs offered by Tulo could increase demand for these courses. The FNTC will allocate resources to additional courses in response to demand and will support Tulo as it seeks funding from other sources. The FNTC will also continue to allocate resources and establish reserves to support the processing and hearing for a s.33 complaint which may require significant resources.

**FFAED Support** – To support First Nations during slower economic growth and to increase local revenue potential, the FNTC will continue to work with First Nations and INAC on the implementation of the FFAED. In particular, the FNTC will work with INAC on strategies to improve infrastructure and build the administrative and legal framework to support investment on First Nation lands. Specific project proposals about the infrastructure grant program, building administrative capacity through enhancements to the TAS system, expanding access to the Tulo Certificate in Applied First Nation Economics, and coordinating borrowing information requirements with other institutions should be advanced as part of the FFAED during 2011/2012.

**Expand FSMA Participation** – The FNTC will work to expand participation in the FSMA in 2011/2012 to address external economic risks to First Nations and expand their local revenue raising capacity. The FNTC will devote resources to a three-part strategy to achieve this objective.

1. The FNTC will develop new communications materials to demonstrate FSMA benefits.
2. The FNTC will work on seeking legislative amendments to improve access to the FSMA.
3. More Tulo courses will be offered in the First Nation Tax Administration Certificate program to build the capacity to realize the maximum benefits from the FSMA.

**Expand Revenue Options** – The FNTC will work to expand FSMA First Nation revenue options. This will help address risks related to deficit reduction and the own-source revenues option. There are six parts to this strategy.

1. The FNTC will continue to refine and improve standards for BATs (such as hotel, amusement, and gross receipts), revise the DCC standards and those for taxation for the provision of services in response to First Nation demand.
2. The FNTC will enhance or develop sample laws to help First Nation implement these new revenue options.
3. The FNTC will work with First Nations interested in implementing these revenue powers. In this regard, the FNTC has received interest from First Nations in Alberta and Saskatchewan to implement new business activity tax powers.
4. The FNTC will support the development of the necessary administrative framework to support expanded revenue options by (a) facilitating any necessary supportive agreements, (b) enhancing and expanding access to courses offered by TULO and (c) where necessary, improving the TAS system.
5. The FNTC will continue to support First Nation borrowing using local revenues.
6. The FNTC will continue to engage the Department of Finance and to respond to inquiries from First Nations with respect to the FNGST and provide information related to the implementation of the FNGST.

**Treaties and Own-Source Revenues** – In 2011/2012, the FNTC will continue discussions with Canada about treaty First Nation participation in the FSMA and the impact of the proposed own-source revenues policy on FSMA First Nations. The FNTC will develop proposals on how treaty First Nations could more easily participate in the FSMA and how own-source revenues policy should be applied to local revenues.

**FNPO** – In 2011/2012, the FNTC will continue to work with Canada, proponent First Nations, and relevant provinces to seek a mandate to develop FNPO legislation. This could involve the development of policy options with the proponent First Nations and Canada to inform the drafting process. The FNTC will work on the coordination of communication activities related to FNPO and the development of a plan to support the implementation of FNPO and the services that will be provided.

# Assessment of Corporate Resources

In its four years of operation, and building on the eighteen year legacy of its predecessor, the FNTC has amassed 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** – The FNTC benefits from the expertise of a Chief Commissioner with decades of experience in First Nation leadership and economic development. There is over 200 years of collective experience with First Nation taxation and economic development in the FNTC administration. 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. Other First Nation and non-First Nation institutions have used the FNTC’s model governance procedures.

**Policy, Standards, and Law Development** – The FNTC has established transparent and published processes 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. The FNTC has developed and published four policies, ten standards, one procedure and twenty three sample laws.

**Research** – The FNTC’s policies, standards, and training courses are based on a strong foundation of innovative research. This includes a ten-year legacy of research from FNTC’s predecessor and continued ongoing research related to public finance, debentures, property ownership, own-source revenues, 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 Kamloops Indian Band. Once planning is completed, the FNTC will seek specific one-time capital funding for head office renovations, separate from its operational requirements.

**Software** – The FNTC has developed specialized TAS that assists tax administrators through the annual cycle of property taxation including setting tax rates, printing tax notices, and managing payment collection. TAS also integrates with accounting software. First Nations also use the FNTC’s service agreement and revenue potential spreadsheets. The software is used by over twenty three First Nations in BC and will soon be released in Alberta. TAS and the FNTC service agreement software have attracted interest from municipalities in these provinces.

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

**Training** – In partnership with Tulo and TRU, 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. Published policies, standards, and laws are incorporated into accredited curriculum for the Certificate in First Nation Tax Administration. Over 100 students have taken Tulo courses in the last year and a half and many more are interested. This year, the first students will graduate from the Certificate in Tax Administration program.

**Partnerships** – The FNTC has developed MOU's, protocol agreements, and working relationships with other organizations, including:

- MIT-Harvard Consensus Building Institute (mutual gains negotiations and dispute resolution training);
- First Nations Tax Administrators Association (education curriculum, policy development, mentoring for tax administrators);
- Canadian Property Tax Association (policy development, public input);
- 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 and TRU (development and delivery of university courses);
- National Centre for First Nations Governance; and,
- Indigenous Bar Association.

## Section 83 Services

The FNTC has and will continue to 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 differ from services provided to FSMA First Nations in that they are offered pursuant to an MOU with the Minister of INAC. The list below summarizes the services that the FNTC will continue to provide to s.83 First Nations:

### Corporate Services and Registrar

- Provide management and support to meet s.83 administrative requirements
- Register approved s.83 by-laws with INAC and maintain a s.83 by-law registry
- Transmit approved by-laws for publication in the *First Nations Gazette*

## Policy Development

- Develop, manage, and monitor sixteen s.83 policy areas
- Address emerging s.83 policy issues as required
- Seek input on s.83 policies from stakeholders
- Review and approve s.83 policies
- Implement policies through training and by-law review

## By-law Review

- Develop and manage s.83 sample by-laws
- Develop and manage s.83 by-law review policies
- Undertake review and recommendation of s.83 by-laws
- Liaise with Minister and officials regarding approval of s.83 by-laws
- Liaise with *First Nations Gazette* on editing, drafting, and publication of s.83 by-laws

## Education and Training

- Develop, manage, and monitor s.83 course curricula
- Deliver s.83 courses
- Evaluate and improve s.83 courses

## Dispute Management

- Provide advisory education, training, and facilitation services to s.83 tax authorities as requested
- Maintain an informal s.83 complaints process
- Provide support to service agreement negotiations and negotiations with respect to jurisdiction

# Objectives, Strategies and Performance Measures for 2011/2012

## Corporate Services

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

### 2011/2012 Strategies and Activities

Corporate Plan – Complete the Corporate Plan for Commission review by February 2012.

Evaluation System – Corporate services will also implement any recommended changes resulting from the 2010/2011 special examination.

FSMA Review - Corporate Services will coordinate the FNTC's participation in the seven-year review of the FSMA and develop materials in support of proposed FSMA legislative amendments.

FNTC Meetings – Hold four Commission meetings and six law review meetings. Achieve efficiencies and reduce the use of paper by using electronic books at all meetings.

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 as required.

Funding Arrangement – Corporate Services will work with Canada to develop and implement an FNTC grant funding authority in 2011/2012.

Access to Information and Privacy (ATIP) – Meet ATIP 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* as per the FNTC-*First Nations Gazette* MOU and contract. Research will also begin in 2011/2012 to explore the potential to expand the *First Nations Gazette* to include First Nation notices similar to Part 1 of the *Canada Gazette*, and to include s.81 by-laws in the *First Nation Gazette*.

*First Nation Gazette* expansion – Begin research to explore the potential for *First Nation Gazette* notice.

### Special Initiatives:

1. FNGST – The FNTC will continue work with interested First Nations and Canada to determine the most appropriate method for the FNTC to support First Nations interested in implementing the FNGST.
2. Building sustainable economies – The FNTC will continue to support First Nations and Canada in the implementation of the FFAED by developing proposals related to cost-effective financing for First Nation infrastructure and the development of the administrative and legal capacity to improve the First Nation investment climate.
3. Expanding FSMA participation – The FNTC will also continue to work with interested First Nations along the CNR corridor and those expanding their reserve lands through TLEs.
4. Legislative amendments – As per the seven-year review of the legislation, the FNTC will work with Canada and other institutions to finalize specific FSMA legislative amendments that increase FSMA benefits and participation.
5. Local revenue framework research and options – Conduct research and develop proposals and options on topics that support the fiscal framework within which local revenue laws are made. Undertake specific projects which will include work related to treaties in BC and own-source revenues.
6. Property ownership initiative mandate -The FNTC will work with Canada and proponent First Nations to establish a mandate and proposals to begin the FNPO legislative process and to develop a FNPO communication strategy and required FNPO services implementation plan.

### 2011/2012 Performance Measures

- Produce and approve 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*
- Work with Canada on seven-year review of FSMA and implement recommended changes
- Manage special projects
- Implement recommendations from the FSMA evaluation
- Implement recommendations from the FNTC Internal Special Examination
- Establish new FNTC funding authority
- Facilities management
- Support annual audit
- Manage administration, working groups and annual meeting



## Policy Development

**Objective:** 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.

### 2011/2012 Strategies and Activities

Law Review Standards – Develop new, or revise existing, standards relating to any of expenditures, assessment and property tax in specific provinces, borrowing, DCC's, taxation for the provision of services, delegation of authority and business activity taxes. Some standards may also be consolidated to reflect amendments over the last three years. Policy Development will also respond to adjust or develop standards for specific business activity taxes requested from First Nations.

Section 83 Policies – Undertake an annual policy review and seek input on updated s.83 policies relating to business licences and financial management.

Policies in Process – Continue the policy development processes for taxes on borrowing support, local government relations, Saskatchewan provincial portion, BC homeowner grants, New Brunswick property taxation, own-source revenues, treaty First Nations, expanding First Nation participation and local revenue options.

Projects with Other Institutions

1. Complete projects relating to FNFA debentures using other and local revenues, capacity development support and s.33 orders.
2. Initiate projects relating to financial management by-law review coordination and information collection.

### 2011/2012 Performance Measures

- Develop, amend or consolidate at least six standards/procedures
- Review two s.83 policies
- Six policies in progress
- Complete three projects with other institutions
- Initiate two projects with other institutions

## Law/By-law Review and Regulations

**Objective:** 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.

## 2011/2012 Strategies and Activities

Sample Laws – Develop, amend, or consolidate sample laws which could include, expenditures, property tax or assessment in selected provinces, DCC's, taxation for the provision of services, delegation of authority and business activity taxes.

First Nation Support Program – Operate and manage the FNTC First Nation support program to support FSMA law development work for an additional ten First Nations.

FSMA Laws Reviewed – Review ninety FSMA laws and submit to Commission for consideration and approval.

By-laws Reviewed – Review fifty s.83 by-laws and provide recommendations to the Minister of INAC as necessary.

FSMA Legislative Amendments – Work with Canada to finalize and implement legislative amendments as part of the seven-year review of the FSMA.

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.

## 2011/2012 Performance Measures

- Develop, amend or consolidate at least five sample laws
- Provide support to ten First Nations for transition from the *Indian Act* and the development of new FSMA laws
- Support regulation development process as required
- Review ninety FSMA laws
- Review fifty by-laws
- Legislative amendments

## Communications

**Objective:** Promote the understanding of the First Nation real property taxation system (s.29 (h) FSMA).

## 2011/2012 Strategies and Activities

Annual Report – Prepare the FNTC Annual Report

Annual Meeting – Coordinate and develop materials for the FNTC annual meeting scheduled for September 2011.

FSMA Communications Strategy – Develop an updated FSMA communications strategy to respond to increased demand and opportunities.

Website – Launch a new version of the FNTC website.

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 OLA requirements.

Newsletter – publish the quarterly “*Clearing the Path*” newsletter

### **2011/2012 Performance Measures**

- Prepare and publish Annual Report
- Provide support for the FNTC annual meeting
- Develop new FSMA communications strategy
- Launch updated website
- Develop presentations
- Compliance with OLA obligations
- Publish newsletter

### **Education**

**Objective:** 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) FSMA).

FNTC education activities are undertaken through a working agreement and contract with Tulo and in partnership with TRU. The partnership between Tulo, TRU, and the FNTC provides students with access to fourteen courses leading to an accredited certificate in First Nation Tax Administration or an accredited certificate in First Nation Applied Economics. Each of these certificates represent the first-of-their-kind in Canada.

### **2011/2012 Strategies and Activities**

Accreditation Process – Work with Tulo and TRU to develop a proposal for a diploma in First Nation Applied Economics. As part of this application, all courses in the two certificate programs have received the APEC designation, which stands for Applied Economics.

Curriculum Support Development – Based on course testing, enhance curriculum for at least seven Applied Economic and Tax Administration certificate courses including, APEC 270 - Economic Feasibility and Impact Analysis on First Nation Lands, APEC 167 - Development Cost Charges, APEC 168 – Capital Financing and Debenture Financing, APEC 265 – Investment Facilitation on First Nation Lands, APEC 166 – Service Agreement and Joint Contracts, APEC 165 – Taxpayer Relations, and APEC 163 – Assessment and Assessment Appeals.

Curriculum Development – Continue to work with partners to develop curriculum in support of Financial Management, First Nation demographics and interest-based negotiation.

Online Courses – Develop online courses for three courses in the Certificate of First Nation Tax Administration or the Certificate of First Nation Applied Economics.

Course Delivery – Deliver, through Tulo and TRU, seven accredited courses, either as one week intensive courses or online.

Certificate Graduation – Graduate the first students in the certificate of First Nation Tax Administration.

TAS – Maintain and provide technical support for TAS and launch an Alberta version of TAS.

### **2011/2012 Performance Measures**

- Develop application for First Nation Applied Economics Diploma
- Enhance curricula for seven courses
- Develop three online courses
- Support curriculum development for two courses
- Deliver seven courses
- Graduate first students in Certificate of First Nation Tax Administration
- Provide support for TAS

### **Dispute Management**

**Objective:** Prevent disputes or provide for the timely resolution of disputes in relation to the application of local revenue laws (s.29(c) FSMA).

### **2011/2012 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 related to provincial policy changes in BC, New Brunswick, and Saskatchewan, the implementation of First Nation business activity taxes and other negotiations and disputes.

Training – Provide training to the FNTC and selected First Nations on mutual gains negotiation and dispute resolution. Develop options in partnership with Tulo for curriculum content on interest-based negotiation.

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

### **2011/2012 Performance Measures**

- Roster of mediators maintained
- Facilitation of negotiations or dispute resolution provided as required
- Training provided to the FNTC and selected First Nations

# 2011/2012 Work Plan

The table below summarizes the proposed 2011/2012 work plan for the FNTC.

Business Line	Objectives & Activities	Performance Measure
Corporate Services	Corporate Plan & Work Plan	Produce and approve annual Corporate Plan, work plan and Financial Plan
	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>Gazette</i>
	Evaluation/Special Examination/Legislative Review	<ul style="list-style-type: none"> <li>• Coordinate and support seven-year review of the FSMA</li> <li>• Evaluation of the implementation of the FSMA</li> <li>• Implement recommendations from the FNTC Special Examination</li> </ul>
	Manage special projects: <ul style="list-style-type: none"> <li>• FNGST</li> <li>• Sustainable economy proposals to FFAED</li> <li>• Expand FSMA participation</li> <li>• Implement proposed legislative amendments</li> <li>• Local revenue framework research and options</li> <li>• Obtain mandate for FNPO legislative process, communications strategy and implementation plan</li> </ul>	Manage special projects
	Facilities management	Maintained
	Administrative management	Maintained
	Committee support	Maintained
	Meet ATIP requirements	ATIP report completed
	Maintain registry of approved First Nation laws and by-laws	Updated registries
	Finalize new instrument to support annual funding agreement	Agreement completed



Business Line	Objectives & Activities	Performance Measure
Law/By-law Review and Regulation	Develop, amend or consolidate sample laws which could include: <ul style="list-style-type: none"> <li>• Expenditures</li> <li>• Property tax in selected provinces</li> <li>• Assessment in selected provinces</li> <li>• DCCs</li> <li>• Taxation for the provision of services</li> <li>• Business activity taxes</li> <li>• Delegation of Authority</li> </ul>	Produce 5 new or modified sample laws
	Review 90 FSMA laws	FSMA laws reviewed
	Review 50 by-laws	By-laws reviewed
	Operate the First Nation Support Program	Provide law development support to 10 First Nations
	Work with Canada to finalize and implement FSMA legislative amendments	
	Work with Canada to develop s.141 regulations as required	As required
Communications	Annual Report	Submit Annual Report
	Coordinate and develop materials for FNTC annual meeting	Hold annual meeting
	Update communications material for FSMA participation	Update presentations and supportive materials
	Launch updated FNTC website	Website launched and maintained
	Coordinate and develop presentations	Presentations developed
	Ensure FNTC meets OLA requirements	Compliance with OLA requirements
	Publish quarterly newsletter	Newsletter published

Business Line	Objectives & Activities	Performance Measure
Education	Accreditation – Work with Tulo and TRU to accredit proposed diploma in First Nation Applied Economics	First Nation Applied Economics Diploma Accreditation application complete
	Enhance and improve curricula for at least: <ul style="list-style-type: none"> <li>• Economic Feasibility and Impact Analysis on First Nation Lands</li> <li>• Development Cost Charges</li> <li>• Capital Infrastructure and Debenture Financing</li> <li>• Investment Facilitation on First Nation Lands</li> <li>• Service Agreement and Joint Contracts</li> <li>• Taxpayer Relations</li> <li>• Assessment and Assessment Appeals</li> </ul>	7 course curricula improved
	Start curriculum development for courses in: <ul style="list-style-type: none"> <li>• Financial Management</li> <li>• First Nation Demographics</li> <li>• Interest-Based Negotiations</li> </ul>	Curriculum started for 3 courses
	Develop online courses for 3 courses from the Certificate in First Nation Tax Administration and First Nation Applied Economics	3 online courses developed
	Deliver, through Tulo and TRU, 7 accredited courses	7 courses delivered
	Graduation ceremony for first certificate in First Nation Tax Administration	FNTC-Tulo-TRU certificate graduation ceremony
	Maintain and provide support for TAS	TAS support provided and Alberta version launched
	Dispute Management	Maintain roster of qualified mediators and provide training
Respond to requests for facilitation		Facilitation or dispute resolution provided
Service Agreements		Update service agreement negotiation manual
Section 33 review process operational		
Provide training to FNTC, selected First Nations and Tulo 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 FY 2011/12 to FY 2015/16 financial plans for the FNTC and an overview of the current financial performance for the Commission.

## **Financial Performance FY 2009/10 and FY 2010/11**

In order to comply with changes in accounting policies, on April 1, 2009, the FNTC implemented revised Public Sector Accounting Standards ("PSAB"): Section 1000 – Financial Statement concepts, Section 1100 – Financial Statement Objectives, Section 1200 – Financial Statement Presentation. These changes were required to be implemented by all organizations following PSAB for years ending on or after December 31, 2009. The application of these sections resulted in an increase in amortization expense of \$403 thousand for the FY 2009/10, a reduction of tangible capital assets expense of \$300 thousand for FY 2009/10, a reduction in loss on disposal of tangible capital assets expense of \$1 thousand and a reduction in annual surplus of \$104 thousand resulting in an annual deficit for FY 2009/10 of \$104 thousand.

Financial assets at the end of FY 2009/10 totalled \$1.04 million and consisted of cash and accounts receivable. Liabilities consisting of accounts payable and contracts payable totalled \$1.075 million at the end of FY 2009/10. The FNTC's non-financial assets consisted of prepaid expenses and tangible capital assets. The FNTC's tangible capital assets consist solely of furniture, computer equipment, software and website development costs, and leasehold improvements. The Commission does not own real property and does not carry debt.

Below is an overview of the FNTC's actual performance for the FY 2009/10 against its plan and its projected performance for the FY 2010/11 against its plan with an explanation of significant variances.

## Statement of Financial Activities (in \$'s)

	2009/10 Plan	2009/10 Actual	2010/11 Plan	2010/11 Forecast
<b>Revenue</b>				
Government of Canada	\$ 5,477,327	\$ 5,477,335	\$ 5,715,996	\$ 5,715,996
Government of Canada - Special Initiatives	-	298,000	200,000	1,338,790
Other	26,000	15,177	2,000	194,988
	5,503,327	5,790,512	5,917,996	7,249,774
<b>Expenses</b>				
Commission Costs	817,782	797,309	883,780	831,813
Corporate Services	1,032,544	1,146,657	1,141,020	1,197,196
<i>Gazette</i> Operations	304,750	247,775	311,721	222,269
Policy Development	811,804	822,035	856,971	868,967
Education	484,316	484,207	490,220	587,163
Dispute Management	235,821	234,318	202,157	200,662
Communication costs	622,792	706,892	630,478	658,456
Law Review, By-law review and Regulations	1,193,518	1,157,232	1,201,649	1,162,881
Special Initiatives		298,000	200,000	1,520,367
	5,503,327	5,894,425	5,917,996	7,249,774
<b>Net Surplus (Deficit)</b>	-	\$ (103,913)	\$ -	\$ -

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

	<b>2009/10 Actual</b>	<b>2010/11 Forecast</b>
<b>Financial Assets</b>		
Cash	\$ 193,616	\$ 1,055,033
Accounts receivable	847,113	246,370
	<b>1,040,729</b>	<b>1,301,403</b>
<b>Liabilities</b>		
Accounts payable	470,470	470,000
Contracts payable	605,188	605,000
	<b>1,075,658</b>	<b>1,075,000</b>
Net Debt	(34,929)	226,403
<b>Non-Financial assets</b>		
Prepaid expenses	35,346	13,325
Capital assets	492,590	253,280
	<b>527,936</b>	<b>266,605</b>
<b>Accumulated Surplus</b>	<b>\$ 493,007</b>	<b>\$ 493,008</b>
<b>Accumulated surplus</b>		
Investment in tangible capital assets	\$ 492,590	\$ 253,280
Current funds	417	239,728
<b>Accumulated Surplus</b>	<b>\$ 493,007</b>	<b>\$ 493,008</b>

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

	<b>2009/10 Actual</b>	<b>2010/11 Forecast</b>
<b>Operating Activities</b>		
Annual surplus (deficit)	\$ (103,913)	\$ 0
Items not involving cash	-	-
Amortization	403,108	331,284
Loss on disposal of tangible capital assets	1,174	-
Changes in non-cash operating balances	-	-
Accounts receivable	(138,986)	600,743
Prepaid expenses	(25,809)	22,021
Accounts payable and contracts payable	(498,677)	(658)
<b>Cash flows from operating activities</b>	<b>(363,103)</b>	<b>953,391</b>
<b>Investing Activities</b>		
Purchase of tangible capital assets	(300,113)	(91,974)
<b>Net increase in cash during the year</b>	<b>(663,216)</b>	<b>861,417</b>
<b>Cash, beginning of the year</b>	<b>856,832</b>	<b>193,616</b>
<b>Cash, end of the year</b>	<b>\$ 193,616</b>	<b>\$ 1,055,033</b>

## **FY 2009/10 Plan vs. FY 2009/10 Actual and FY 2010/11 Plan vs. FY 2010/11 Forecast**

### **Revenues FY 2009/10 Actual**

Revenues for FY 2009/10 were \$5.79 million, \$290 thousand over a budgeted plan of \$5.50 million. The revenue for FY 2009/10 consists of government funding of \$5.48 for its core business activities and \$298 thousand of funding for research on the development of a First Nation Land Title system and for research and policy support regarding the development of the Other Revenues Regulations that will expands First Nations access to capital. This special initiative funding was not budgeted for at the beginning of the planning period. In addition to funding received from the Government of Canada, the FNTC earned other income of \$15 thousand from bank interest and *Gazette* sales.

### **Expenses FY 2009/10 Actual**

Expenses for FY 2009/10 were \$5.89 million, \$390 thousand over planned expenditures of \$5.50 million and \$104 thousand over actual revenues. \$298 thousand of the budget variance is due to special initiative costs that were undertaken by the Commission in FY 2009/10. These special initiatives were proposed but not funded at the beginning of the planning period so they were not included in the budget at the beginning of the planning period. The remaining portion of the budget variance is a result of a change in accounting policy for Tangible capital assets that was adopted by the FNTC for the FY 2009/10. The adoption of the new accounting policy for Tangible Capital Assets resulted in an increase in expenses and a corresponding reduction in the annual surplus of \$104 thousand.

### **Capital Expenditures FY 2009/10 Actual**

Capital expenditures during the FY 2009/10 are related to information technology related equipment including servers and lifecycle replacement of desktop computer and laptops as well as website and software development costs and office furniture purchases.

### **Revenues FY 2010/11 Forecast**

Revenues for FY 2010/11 are forecast to be \$7.25 million, \$1.33 million over a budgeted plan of \$5.92 million. The forecasted variance is a result of additional funding of \$1.14 million provided by Canada for research and policy support for the First Nation Property Ownership Initiative and \$190 thousand in other revenues collected during the fiscal year.

The other revenues consist of sponsorships and registration fees for a national conference on the First Nation Property Ownership Initiative and *First Nations Gazette* sales. As part of the FNPO initiative the FNTC held a conference on the proposed FNPOA. To fund the conference, the FNTC charged a \$750.00 registration fee and sought sponsorships for the conference. With this additional revenue, the FNPOA conference came in on plan. The government funding and conference sponsorship and registration fee revenues were not budgeted for at the beginning of the planning period.

## Expenses FY 2010/11 Forecast

Expenses for FY 2010/11 are forecast to be \$7.25 million with no deficit or surplus forecast for the FY 2010/11. Education costs for the fiscal year are forecast to be over plan and will be offset by lower than anticipated *Gazette* costs for the year. No other significant variances in program categories are forecast for FY 2010/11.

## Capital Expenditures FY 2010/11 Forecast

Capital expenditures forecast during the FY 2010/11 are related to information technology related equipment including lifecycle replacement of desktop computer, laptops, and office furniture as well as software developments.

## Financial Plan 2011/12 to 2015/16

The proposed Financial Plan for the FNTC for FY 2011/12 is balanced, and has revenues and expenditures set at \$5.88 million. The plan includes revenue from the Government of Canada for its core activities of \$5.80 million, \$75 thousand from Canada for legal support for a seven year legislative review, and \$3 thousand in revenue from other sources.

The table below contains the financial plan for the FNTC for FY 2011/12 to FY 2015/16. The following assumptions have been made in the preparation of the FY 2011/12 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 FY 2011/12, and best estimates of management for the cost of activities under each business line.
2. The financial plans for the periods FY 2011/12 to FY 2015/16 cover the 12-month periods ending March 31.
3. No provision has been made for an increase in Commissioner remuneration for 2011/12 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 sale of the *First Nations Gazette*.
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.
7. The financial plan for FY 2011/12 includes planned special initiative revenue and expenditures of \$75,000 relating to a legislative review of the FNFSMA. The financial plan does not include all revenue or expenditures relating to special initiatives that have been identified by the FNTC. The FNTC will seek additional funding for these initiatives during the planning period.

Statement of Financial Activities (in \$'s)					
	2011/12 Plan	2012/13 Plan	2013/14 Plan	2014/15 Plan	2015/16 Plan
<b>Revenue</b>					
Government of Canada	\$5,801,309	\$5,865,338	\$5,903,152	\$5,929,686	\$5,969,490
Government of Canada - Special Initiatives	75,000	-	-	-	-
Other	3,000	3,000	3,000	3,000	3,000
	5,879,309	5,868,338	5,906,152	5,932,686	5,972,490
<b>Expenses</b>					
Commission Costs	853,455	894,288	892,567	901,759	899,960
Corporate Services	1,226,875	1,183,805	1,207,010	1,198,938	1,187,361
Gazette Operations	202,209	215,424	220,536	225,369	230,726
Policy Development	836,806	865,416	879,618	871,236	882,134
Education	540,671	554,603	568,045	575,699	580,475
Dispute Management	157,095	209,128	211,943	214,800	217,699
Communication costs	691,714	709,441	701,857	711,813	722,200
Law Review, By-law review and Regulations	1,295,484	1,236,234	1,224,576	1,233,073	1,251,936
Special Initiatives	75,000	-	-	-	-
	5,879,309	5,868,338	5,906,152	5,932,686	5,972,490
<b>Net Surplus</b>	\$ -	\$ -	\$ -	\$ -	\$ -

Statement of Financial Position (in \$s)					
	2011/12 Plan	2012/13 Plan	2013/14 Plan	2014/15 Plan	2015/16 Plan
<b>Financial Assets</b>					
Cash	\$1,194,606	\$1,210,580	\$1,297,615	\$1,341,631	\$1,342,016
Accounts receivable	216,908	216,633	217,579	218,242	219,237
	1,411,514	1,427,214	1,515,194	1,559,873	1,561,253
<b>Liabilities</b>					
Accounts payable	471,250	472,531	473,845	475,191	476,570
Contracts payable	605,000	605,000	605,000	605,000	605,000
	1,076,250	1,077,531	1,078,845	1,080,191	1,081,570
<b>Net Debt</b>	335,264	349,683	436,349	479,683	479,683
	-	-	-	-	-
<b>Non-Financial assets</b>					
Prepaid expenses	13,325	13,325	13,325	13,325	13,325
Tangible Capital Assets	144,419	130,000	43,333	0	0
	157,744	143,325	56,658	13,325	13,325
<b>Accumulated surplus</b>	\$493,008	\$493,008	\$493,008	\$493,008	\$493,008
<b>Accumulated Surplus</b>					
Investment in tangible capital assets	\$144,419	\$130,000	\$43,333	\$0	\$0
Current funds	348,589	363,008	449,674	493,008	493,008
<b>Accumulated Surplus</b>	\$493,008	\$493,008	\$493,008	\$493,008	\$493,008

Statement of Cash Flows (in \$'s)					
	2011/12 Plan	2012/13 Plan	2013/14 Plan	2014/15 Plan	2015/16 Plan
<b>Operating Activities</b>					
Annual surplus (deficit)	\$-	\$-	\$-	\$-	\$-
Items not involving cash	-	-	-	-	-
Amortization	268,861	114,419	86,667	43,333	-
Loss on disposal of tangible capital assets	-	-	-	-	-
Changes in non-cash operating balances	-	-	-	-	-
Accounts receivable	29,462	274	(945)	(663)	(995)
Prepaid expenses	-	-	-	-	-
Accounts payable and contracts payable	1,250	1,281	1,313	1,346	1,380
<b>Cash flows from operating activities</b>	<b>299,573</b>	<b>115,974</b>	<b>87,035</b>	<b>44,016</b>	<b>385</b>
<b>Capital Activity</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Purchase of tangible capital assets	(160,000)	(100,000)	-	-	-
<b>Net increase in cash during the year</b>	<b>139,573</b>	<b>15,974</b>	<b>87,035</b>	<b>44,016</b>	<b>385</b>
<b>Cash, beginning of the year</b>	<b>1,055,033</b>	<b>1,194,606</b>	<b>1,210,580</b>	<b>1,297,615</b>	<b>1,341,631</b>
<b>Cash, end of the year</b>	<b>\$1,194,606</b>	<b>\$1,210,580</b>	<b>\$1,297,615</b>	<b>\$1,341,631</b>	<b>\$1,342,016</b>