

February 12, 2014



First Nations Tax Commission

Commission de la fiscalité des premières nations

Corporate Plan 2014/2015



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 *First Nations Fiscal Management Act* (FMA):

“The purposes of the Commission are to:

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

Section 83 of the *Indian Act*

Through an agreement with the Minister of Aboriginal Affairs and Northern Development, 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

| | |
|-------|----------------------------------------------------|
| AANDC | Aboriginal Affairs and Northern Development Canada |
| AFOA | Aboriginal Financial Officers Association |
| ATIP | Access to Information and Privacy |
| ATR | Additions to Reserve |
| BAT | Business Activity Tax |
| DCC | Development Cost Charge |
| FMA | <i>First Nations Fiscal Management Act</i> |
| FMB | First Nations Financial Management Board |
| FNFA | First Nations Finance Authority |
| FNGST | First Nations Goods and Services Tax |
| FNPO | First Nations Property Ownership |
| FNTC | First Nations Tax Commission |
| NVIT | Nicola Valley Institute of Technology |
| OLA | <i>Official Languages Act</i> |
| TAS | Tax Administration Software |
| TCA | Tangible Capital Assets |
| TLE | Treaty Land Entitlement |
| TRU | Thompson Rivers University |
| Tulo | Tulo Centre of Indigenous Economics |

Executive Summary

The First Nations Tax Commission (FNTC) has been in operation since 2007. The FNTC seeks to optimize the benefits of First Nation property tax and local revenue systems to First Nation tax authorities, their taxpayers, and all Canadians. For the seventh consecutive year, the FNTC has met the goals established in its' previous year's Corporate Plan.

This Corporate Plan contains an assessment of the policy environment and risks for 2014/2015 and a risk management strategy. Key elements of this assessment addressed in the risk management strategy include growing interest in new resource development revenue options, FNTC research on revenue sharing, the property ownership initiative, increased demand for borrowing, Tulo Centre of Indigenous Economics (Tulo) workshops, and the First Nations Goods and Services Tax (FNGST).

Key initiatives established by the FNTC in 2014/2015 in response to these risks are as follows:

1. *First Nations Fiscal Management Act (FMA) Amendments* – The FNTC will continue to seek the introduction of FMA amending legislation by Parliament.
2. *First Nations Gazette* – The *Gazette* will cease publication of its hard copy edition and move to online publication only with an increased focus on notification services.
3. *Property Tax Jurisdiction and Pipelines* – The FNTC will work with First Nations and the federal and provincial governments to explore how impacted First Nations could realize a property tax benefit from the construction of pipelines in BC, Alberta and other regions of the country.
4. *Business Activity Tax (BAT) (Resource Industries)* – The FNTC will begin to work with interested First Nations on BAT relating to resource industries.
5. *Negotiations Capacity Development* – The FNTC will work with Tulo to deliver several workshops to interested First Nations and professionals relating to negotiating service agreements, facilitating commercial and residential investment on First Nation lands, and negotiating successful resource development agreements.
6. *Taxpayer Relations* – The FNTC will promote and enable taxpayer relations initiatives including the development of taxpayer representation to council laws.
7. *Local Revenue Borrowing* – The FNTC will work with other institutions and interested First Nations to increase the number of FMA First Nations that use local revenues to support long-term borrowing projects.

8. First Nations Property Ownership (FNPO) – The FNTC will work with proponent First Nations and the federal government to advance the FNPO initiative toward the introduction of legislation in parliament. The FNPO initiative is recognized internationally and has attracted interest from other indigenous groups, including the Maori of New Zealand.
9. Revenue Sharing Proposal – The FNTC will continue dialogue work with First Nations and other stakeholders concerning a revenue sharing model designed to improve federal equalization.
10. FNGST – The FNTC will continue to work with First Nations requesting support on developing a working relationship with Finance Canada and implementing FNGST systems.

Funding for Corporate Plan activities and special initiatives of the FNTC is provided by the Government of Canada through a funding arrangement. Below is a summary of the financial plan for 2014/2015 as well as a summary of the financial performance for the FNTC for 2013/2014 and 2012/2013.

| Financial Summary | | | |
|--------------------------------------------|----------------|--------------------|------------------|
| | 2014/2015 Plan | 2013/2014 Forecast | 2012/2013 Actual |
| Revenue | | | |
| Government of Canada | \$ 5,930,948 | \$ 5,909,666 | \$ 5,865,338 |
| Government of Canada - special initiatives | - | 964,880 | 1,899,072 |
| Other | 3,000 | 32,000 | 39,002 |
| | \$ 5,933,948 | \$ 6,906,546 | \$ 7,803,412 |
| Expenses | | | |
| Commission costs | 895,035 | 892,000 | 822,611 |
| Corporate Services | 1,253,592 | 1,227,126 | 1,147,596 |
| <i>Gazette</i> operations | 185,871 | 183,000 | 198,161 |
| Policy Development | 799,223 | 809,000 | 850,660 |
| Education | 533,806 | 538,000 | 511,426 |
| Dispute Management | 190,948 | 238,100 | 209,032 |
| Communications | 719,204 | 713,000 | 761,297 |
| Law/By-law Review and Regulations | 1,356,269 | 1,341,440 | 1,403,557 |
| Special Initiatives - FNPO | - | 964,880 | 1,899,072 |
| | 5,933,948 | 6,906,546 | 7,803,412 |
| Net Surplus | \$ - | \$ - | \$ - |

This Corporate Plan also contains the planned activities and performance measures for the six FNTC business lines, a work plan for 2014/2015, and a comprehensive financial plan.

Corporate Profile

Structure

The FNTC is a shared-governance institution. The Governor in Council appoints nine of the Commissioners and, by regulation, the Native Law Centre, University of Saskatchewan, appoints one Commissioner as per s. 20(3) of the FMA and regulations. 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, Canal Flats, BC
- Randy Price, North Vancouver, BC
- Ann Shaw, Chateauguay, QC

The FNTC maintains a head office on the reserve lands of the Tk'emlúps te Secwepemc (s. 26(1) FMA), and an office in the National Capital Region (s. 26(2) FMA).

The FNTC is supported by the FNTC 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 Commission.

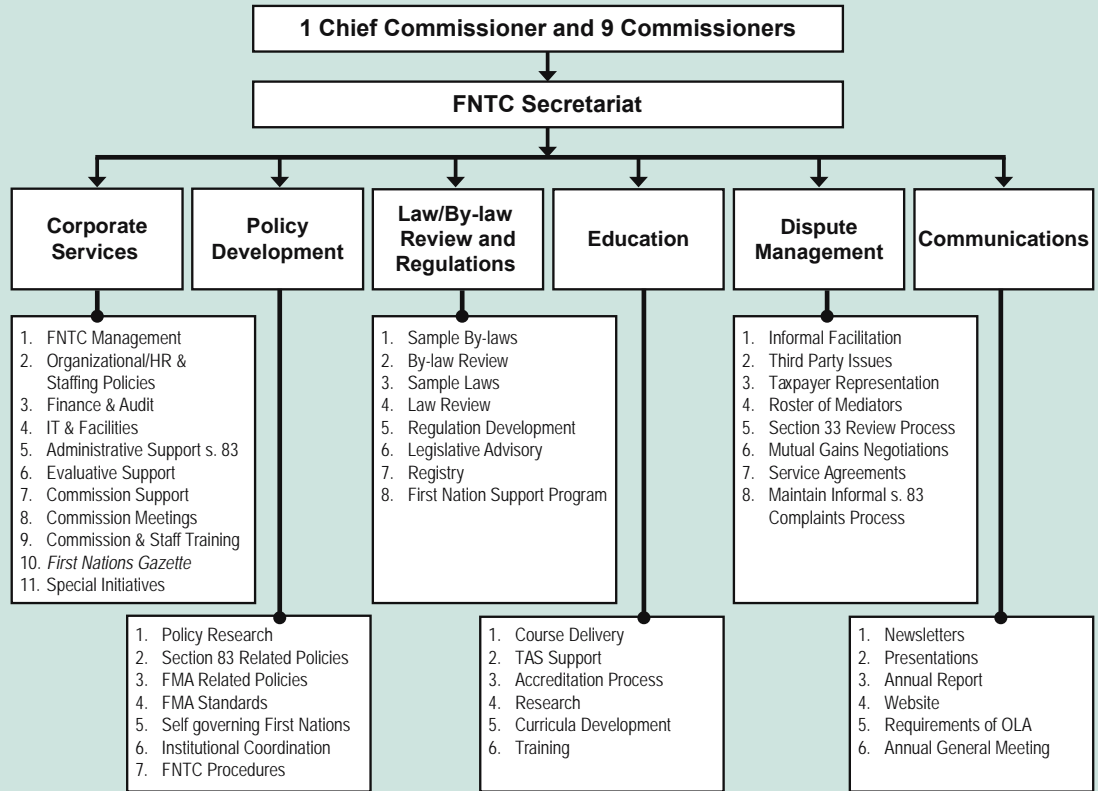
Governance

The FNTC maintains a “best practices” approach for good governance. It operates pursuant to a comprehensive governance and management policy. The Chief Commissioner has established the following committees to support its work:

- Executive Management Committee
- Management Committee
- Audit Committee
- Section 83 Rates Committee
- Education 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.



Fulfilling the FNTC Mandate

The table below summarizes how the FNTC has consistently worked to fulfill its mandate as specified in s. 29 of the FMA since it became operational.

| Mandate/Purpose | FNTC Activities | Key Accomplishments |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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; | <ul style="list-style-type: none"> Established comprehensive taxation regulatory framework Established and operated Law/By-Law Review and Regulations business line | <ul style="list-style-type: none"> 13 Standards and procedures and 28 sample laws have been developed 602 FMA laws have been reviewed and approved 486 s. 83 by-laws reviewed for Ministerial approval |
| 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; | <ul style="list-style-type: none"> Developed rates and expenditures standards and law review standards Developed sample taxpayer relations laws | <ul style="list-style-type: none"> Rate increases have been similar to other jurisdictions or below inflation Only 6 taxpayer disputes in 7 years First Nations are beginning to establish taxpayer relations systems |
| c) prevent, or provide for the timely resolution of, disputes in relation to the application of local revenue laws; | <ul style="list-style-type: none"> Established and operated Dispute Resolution business line | <ul style="list-style-type: none"> 6 service agreements facilitated 6 taxpayer disputes facilitated |
| 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; | <ul style="list-style-type: none"> Established and operated Education business line Provided law development support | <ul style="list-style-type: none"> TAS has been developed and used by many First Nations Over 50 webinars and workshops provided to First Nations Law development support has been provided to over 30 First Nations |
| e) develop training programs for first nation real property tax administrators; | <ul style="list-style-type: none"> Established partnerships with Tulo and TRU for training programs Supported Tulo curriculum development program | <ul style="list-style-type: none"> Developed accredited Certificate in First Nation Tax Administration Graduated 24 students in the Certificate in First Nation Tax Administration program Over 100 students have taken Tulo courses |
| f) assist first nations to achieve sustainable economic development through the generation of stable local revenues; | <ul style="list-style-type: none"> Supported Tulo curriculum Undertook research on economic opportunities for First Nations Developed local revenue borrowing regulatory framework | <ul style="list-style-type: none"> Developed an accredited Certificate in First Nation Applied Economics Over 50 students have completed Applied Economics courses Published economic research on FNTC website |
| g) promote a transparent first nations real property taxation regime that provides certainty to taxpayers; | <ul style="list-style-type: none"> Established and operated Policy Development business line Managed, published and distributed the <i>First Nations Gazette</i> | <ul style="list-style-type: none"> All elements of the regulatory framework have been through a public input process 180 First Nations use the <i>Gazette</i>; more than 2,300 by-laws, laws and land codes published Online <i>Gazette</i> has been launched and expanded |
| h) promote understanding of the real property taxation systems of first nations; and | <ul style="list-style-type: none"> Established and operated Communications business line | <ul style="list-style-type: none"> Hundreds of presentations made to First Nations 30 volumes of <i>Clearing the Path</i> newsletter published and distributed Comprehensive website developed and maintained (fntc.ca) |
| i) provide advice to the Minister regarding future development of the framework within which local revenue laws are made." | <ul style="list-style-type: none"> Corporate Services special initiatives | <ul style="list-style-type: none"> FNPO initiative FMA amendments OSR research ATR policy recommendations Equalization reform proposal |

Summary of 2013/2014 Performance Against Objectives

The table below provides an assessment of the FNTC's performance against objectives based on the 2013/2014 corporate work plan.

| Objectives & Activities | Performance |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|
| Corporate Services | |
| Develop Corporate Plan & work plan | Completed |
| Manage capital requirements and relocation of NCR office | Completed |
| Provide training and professional development | Ongoing |
| Hold 4 general FNTC meetings | Completed by Mar 31 |
| Hold 6 law review meetings | Completed by Mar 31 |
| Manage the <i>First Nations Gazette</i> | Ongoing |
| Operate the First Nation support program to enable another 10 First Nations to implement FMA | Ongoing |
| Manage special initiatives: <ul style="list-style-type: none"> • FNPO • Expanding FMA participation • <i>First Nations Gazette</i> expansion • Implementation ready system • FNGST support | In Progress |
| Provide administrative management and Committee support | Ongoing |
| Meet ATIP and OLA requirements | Ongoing |
| Policy Development | |
| Develop and seek public input on 3 of the following Standards: <ul style="list-style-type: none"> • Annual Rates laws • Business activity tax laws • Taxation for the provision of services laws • Property tax laws • DCC laws in other regions • Expenditure laws | 5 Completed |
| Initiate or continue the research and policy development process in 8 of the following policy areas: <ul style="list-style-type: none"> • Grant-in-lieu to First Nations • Property tax loss studies • Tax deferral programs • Sample service agreements • Private assessor qualifications • Private placement debenture support • Tax exemption agreements • User fees and property tax: transition considerations • Taxation of joint reserves • Utility tax by-laws and the FMA • FNTC support for development of federal policies related to social impact bonds • Elements of an improved First Nation fiscal relationship • Best practices in assessment appeal procedures | In Progress In Progress In Progress In Progress In Progress In Progress In Progress |

Summary of 2013/2014 Performance Against Objectives

| Objectives & Activities | Performance |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------|
| Initiate 3 projects with other institutions related to: <ul style="list-style-type: none"> Local revenue account management Synthesizing borrowing process and materials with the FNFA Borrowing Support for First Nation economic development Local revenue account statistics Work with FMB to reduce potential conflicts between s. 5 and s. 9 laws Improve law development coordination with FMB | Completed |
| Coordinate the development of FNTC pre-budget submission | Completed |
| Law/By-law Review and Regulations | |
| Develop or modify 4 sample laws in following areas <ul style="list-style-type: none"> Property taxation Property assessment Business activity tax Taxation for the provision of services Development cost charges Rates Expenditure Borrowing | Completed |
| Review FMA laws | 130 laws reviewed and approved |
| Review and update of s. 83 by-laws to support transition | Completed |
| Maintain registry of approved First Nation laws and by-laws | Ongoing |
| Review of s. 83 by-laws | 71 s. 83 by-laws reviewed |
| Support FMA law development | Ongoing |
| Implement FMA Seven-Year Review | Ongoing |
| Complete Regulations research regarding ready to use property tax option | Completed |
| Communications | |
| Develop and publish Annual Report | Completed |
| Coordinate and develop materials for FNTC Annual General Meeting | Completed |
| Develop FNPO communications strategy | Completed |
| Develop series of video vignettes – highlight success stories | Ongoing |
| Update and maintain website | Ongoing |
| Expand use of social media by FNTC | Ongoing |
| Coordinate and develop presentations | Ongoing |
| Ensure FNTC meets OLA requirements | Ongoing |
| Maintain email distribution database | Ongoing |
| Support FNPO communication and implementation | Ongoing |
| Publish the <i>Clearing the Path</i> newsletter quarterly | Completed |
| Education | |
| Accreditation – <ul style="list-style-type: none"> Work with Tulo, TRU and AFOA to accredit proposed Certificate in First Nation Financial Administration Work with NVIT on accreditation of Diploma in First Nation Economic Development | Work continues with AFOA Work continues with NVIT |
| Enhance curricula for: <ul style="list-style-type: none"> 161, 162, 163 and 270 | Completed |
| Develop 1 online course (270) | Completed |
| Deliver 3 workshops | Completed |

Summary of 2013/2014 Performance Against Objectives

| Objectives & Activities | Performance |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Deliver, through Tulo and TRU, 7 accredited courses | Completed |
| Maintain and provide support for TAS, update to TAS cloud | Completed |
| Complete electronic open textbook | Completed |
| Dispute Management | |
| Maintain roster of qualified mediators and provide training | Ongoing |
| Respond to requests for dispute facilitation related to taxpayer relations and coordinating BATs with provinces | Ongoing |
| Support provincial BATs coordination, development of taxpayer relations systems and service agreement negotiations as required | Ongoing |
| Support provision of assessment services to First Nations by provincial assessment authorities | Completed |
| Implement Section 33 review process | Completed |
| Intervene in property tax litigation where appropriate | Ongoing |
| Update service agreement negotiation manual | Completed |
| Provide training to FNTC, selected First Nations and Tulo for <ul style="list-style-type: none"> • Mutual gains negotiations • Dispute resolution | Ongoing |

External Assessment and Risks

Each year the FNTC reviews the previous year's external risk assessment and evaluates the expected policy environment for the next fiscal year. Using information and requests from First Nations, the federal and provincial governments, and other First Nation institutions, the Commission identifies its Corporate Plan priorities including economic and fiscal risks, legislative risks, and risks to the demand for FNTC services from tax collecting First Nations for the upcoming year.

Assessment of First Nations Policy Environment

First Nations continue to experience budget pressures regarding the funding of local infrastructure and services for both community and economic development needs. These pressures could increase if the Canadian economic growth rate slows or if Aboriginal Affairs and Northern Development Canada (AANDC) budget cuts impact First Nations. This could lead to increased demand for law development, borrowing and approval services, as well as increased demands for FNTC support to encourage private investment through development cost charges (DCC), public/private partnerships, and social impact bonds.

First Nations continue to face legal challenges establishing property tax jurisdiction. Some First Nations with residential properties on their lands have expressed an interest in developing tax systems. These tax systems represent the first time these residential property owners have had to pay property taxes on First Nation lands. As a result, the transition from their current system (usually fees for services) requires considerable work with respect to implementation. An expansion of these tax systems would increase demand for the FNTC to provide negotiation facilitation. Assistance with the development of tools such as taxpayer representation to council laws may also be needed. New Standards and the provision of staff training to assist these First Nations may also be required.

Several First Nations in BC, Alberta, and Saskatchewan have expressed an interest in achieving more fiscal benefits from resource development and pipelines in their areas. The FNTC has received several requests from taxpayers and First Nations about implementing taxpayer relations systems. There has also been an increase in presentation requests from Saskatchewan and Ontario First Nations for information about property taxation and local revenues.

The FNTC continues to observe an increase in requests for information and support related to special initiatives such as the FNPO initiative and the FNGST.

The FNTC and Tulo began to provide targeted capacity development workshops in 2013/2014 using selected material from the Tulo accredited courses. Initial response to these workshops has been positive, and the FNTC and Tulo anticipate an expanded number of requests for workshops in 2014/2015 related to implementing First Nation taxation, negotiating service agreements, financing infrastructure with local revenues, maintaining good taxpayer relations, and building residential and commercial development on First Nation lands.

Service Demand Risks:

- Increased demand for law development, borrowing and approval services
- Increased demand for FNTC support to encourage private investment through DCCs, public/private partnerships, and social impact bonds
- Increased demand for FNTC to support First Nations by identifying possible local revenue options related to pipelines and resource development
- Increased demand for negotiation, facilitation and dispute resolution services
- Increased demand for services related to special initiatives
- Increased demand for capacity development services

Assessment of Federal Government Policy Environment

The federal government is committed to balancing its budget and returning to a surplus in the next fiscal year (2015/2016). Program spending for most federal departments (including AANDC) has been frozen to achieve this objective. This will increase First Nation interest in developing independent revenues to maintain service quality and infrastructure. Revenues of particular interest to many First Nations are those associated with resource and economic development. The FNTC is prepared to respond to this potential increase in demand related to BATs and agreements with provincial governments.

The FNTC and the other FMA fiscal institutions participated in a Seven-Year Review of the FMA in 2011/2012. The review resulted in recommendations leading to a series of legislative amendments to the FMA. While the Minister of Aboriginal Affairs and Northern Development tabled these recommendations in the House of Commons in 2012, amending legislation has not been introduced. The purpose of these amendments is to improve the efficiency and effectiveness of the FMA. One of the benefits of the proposed amendments is to facilitate the implementation of FMA laws for scheduled First Nations. Without the proposed FMA amendments in place, there is a risk that the uptake for FMA property taxation and the transition to FMA property tax laws for First Nations will be hampered. The FNTC will continue to work with the federal government and the other fiscal institutions to advance the proposed 2012 amendments to the FMA. The FNTC will also continue to research options that expedite the implementation of property tax jurisdiction.

The federal government remains strongly committed to First Nation economic development and fiscal self-sufficiency and has identified a few key priorities for the upcoming fiscal year. First, the federal government will continue to work with and support First Nations to ensure that they generate economic and fiscal benefits from resource development and resource transportation projects. Second, the federal government remains supportive of the development and ultimate introduction of FNPO legislation, as was recommended in the December 2013 House of Commons Finance Standing Committee report. However, the timing for this initiative has not been determined.

Service Demand Risks:

- Increased demand for law development and review services and negotiation support services due to federal and First Nation budget constraints
- Fewer FMA property tax systems due to legislative amendments not being made

Legislative Risks:

- Delays in amendments to FMA
- Uncertainty about the timing of introduction of FNPO legislation

Assessment of Provincial Governments Policy Environment

A number of provincial governments continue to work with the FNTC to establish or modify provincial property assessment services to support First Nations. In particular, the formal agreement to provide provincial assessment services in New Brunswick is near completion, BC Assessment is re-evaluating its First Nations services strategy and model agreement, the *Alberta Municipal Act* review is considering requirements for linear structures assessment data to First Nations, and the Saskatchewan Assessment Management Authority is proposing creative options to respond to funding pressures associated with expanded First Nation services.

A number of provincial governments are working to secure First Nation support for resource development and transportation projects and have shown an interest in discussing expanded resource revenue sharing, which could include property taxation.

Some provinces are also working with the FNTC on improved services and coordination to support greater First Nation local revenues.

The federal and provincial governments are reviewing federal-provincial transfer programs in 2014/2015. Provinces will be considering how increased revenue sharing with First Nations will affect federal equalization payments or contributions. FNTC research suggests that provincial support for growing First Nation economies would increase through improved incentives in the federal-provincial equalization formula.

Service Demand Risks:

- Increased demand for opportunities to assert property tax jurisdiction on utilities such as pipelines
- Increased demand for dialogue related to provincial revenue sharing

Assessment of Corporate Resources

The FNTC and its predecessor, the Indian Taxation Advisory Board, have helped to implement incremental and practical change for tax collecting First Nations for more than two decades. This includes the development of a new legislative framework to support taxation, building the administrative capacity to maximize benefits from taxation, establishing and implementing national standards, creating a regulatory framework to support First Nation taxation systems, an improved First Nation investment climate, a proposed new First Nation property ownership system, and, most recently, new concepts for revenue sharing models. During this time, the FNTC has developed the corporate resources to achieve these results by recognizing that change within First Nations requires strong leadership, stable and transparent governance, capacity development, well-researched innovations, and partnerships.

Strong Leadership – The FNTC benefits from the expertise of the Chief Commissioner, who has decades of experience in First Nation governance, taxation, and economic development. Beginning with the historic legislative change to the *Indian Act* in 1988, the Chief Commissioner has led several legislative initiatives, both provincially and federally, including the *Indian Self-Government Enabling Act* (BC) and the FMA. The Chief Commissioner is supported by nine Commissioners, each of whom has significant experience in establishing and maintaining a strong regulatory framework for the exercise of First Nation local revenue jurisdiction. Over the last few years, working with a number of proponent First Nations, the Chief Commissioner and the FNTC have led the FNPO legislative initiative through work with the Minister of Aboriginal Affairs and Northern Development. The Chief Commissioner continues to explore innovations around revenue sharing and changes to existing models with interested First Nations, provincial leaders, and federal representatives.

Stable and Transparent Governance – The FNTC operates a head office on the lands of the Tk'emlúps te Secwepemc and an office in the National Capital Region. Transparent good governance creates certainty and trust between the FNTC, tax collecting First Nations, and taxpayers. This makes it easier for the FNTC to lead changes or to assist interested First Nations implement change. The FNTC has incorporated best practices in corporate governance and human resource management in its comprehensive management policy. The FNTC's shared governance model strives to meet or exceed treasury board requirements and other requirements for federal statutory bodies.

The FNTC has maintained stability in the Secretariat staff who have significant expertise in property taxation. The FNTC also contracts with qualified professional advisors with specialized expertise in the fields of law, economics, information technology, finance, and management.

Capacity Development Resources – The FNTC offers a continuum of capacity development for First Nations that begins with extensive research, which supports sound policies that, through time, can evolve to Standards and sample laws. At the end of the continuum is an education component, Tulo, which builds the accredited capacity for First Nations to implement Standards, laws, and systems so that they can realize the economic and fiscal benefits of the FMA. First Nation tax administrations are also supported by the FNTC’s Tax Administration Software (TAS) and FNTC dispute management services. Each of these elements in the capacity development support continuum is described briefly.

- a) **Research** – The FNTC’s policies, Standards, and training courses are based on an extensive foundation of research related to public finance, debentures, property ownership, own-source revenues, revenue potential, and other legal and policy matters of importance to both the FNTC and First Nations.
- b) **Policy, Standards, and Law Development** – The FNTC has established transparent and public input processes for policy, Standards, and law development. Approved policies form the basis for Standards, which inform sample laws. During the last six years, the FNTC has developed and published 13 Standards and 28 sample laws.
- c) **Training** – In partnership with Tulo and Thompson Rivers University (TRU), the FNTC offers the first university-accredited certificate programs for First Nation Tax Administration and First Nation Applied Economics. Twelve courses related to core administrative competencies have been developed and are offered in both innovative online and executive formats. Published policies, Standards, and laws are incorporated into accredited curriculum for both certificate programs.
- d) **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; it can be integrated with First Nations accounting software. The software is available for all First Nation tax administrations in BC and Alberta and is being programmed for use in Saskatchewan, Manitoba, Ontario and Nova Scotia. The FNTC also has software to calculate the tax revenue potential for First Nations, and software to calculate the cost for services delivered under First Nation-municipal service agreements.

Innovation through Research – The FNTC body of research over the years has supported the creation of the FMA, the FNPO initiative, and, most recently, a proposal to improve the federal-provincial equalization formula to encourage provincial resource revenue sharing with First Nations, and a proposal to ensure that First Nations receive more fiscal benefits from oil and gas pipelines. These innovations have allowed the FNTC to continue to provide supportive services to First Nations through changing fiscal and economic environments. The FNTC will continue to support and conduct research that will support First Nation economic growth, create jobs, and generate First Nation tax revenues.

Partnerships –The FNTC has developed Memorandums of Understanding, protocol agreements, and working relationships with the following organizations:

- First Nations Tax Administrators Association
- Native Law Centre at the University of Saskatchewan
- Tulo Centre of Indigenous Economics
- MIT-Harvard Consensus Building Institute
- Canadian Property Tax Association
- First Nations Financial Management Board (FMB)
- First Nations Finance Authority (FNFA)
- Institute of Liberty and Democracy
- National Energy Board
- Thompson Rivers University
- Centre for First Nations Governance
- Indigenous Bar Association
- First Nations Alliance 4 Land Management (FNA4LM)
- National Aboriginal Land Management Association (NALMA)
- First Nations Lands Advisory Board
- Land Title and Survey Authority of British Columbia
- Surveyor General of Canada
- Canadian Energy Pipeline Association
- BC Assessment

2014/2015 Risk Management Strategy

The table below demonstrates how the external policy environment creates risks to the FNTC. The third column contains the proposed FNTC risk management strategy for 2014/2015.

| External Policy Environment | FNTC Risks | Proposed Risk Management Strategy |
|-------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Legislative Risks | | |
| Amendments to the FMA | <ul style="list-style-type: none"> Continued uncertainty regarding the timing for amendments to the FMA | <ul style="list-style-type: none"> Encourage the federal government to introduce FMA amending legislation Continue research to expedite the implementation of tax jurisdiction |
| FNPO | <ul style="list-style-type: none"> Delays to legislative initiatives Changes in demand for resources related to development and introduction of FNPO | <ul style="list-style-type: none"> Continue to work with proponents and the federal government on FNPO initiative Seek additional resources as required |
| Service Demand Risks | | |
| Federal and First Nation budget pressures | <ul style="list-style-type: none"> Increased demand for law development, borrowing and approval services Increased demand for communication and capacity development services Increased demand for FNTC support to encourage private investment | <ul style="list-style-type: none"> Work with interested First Nations Increase economic development support and capacity development Support better First Nation fiscal planning and use of reserves Presentations to interested First Nations |
| Resource development and pipelines | <ul style="list-style-type: none"> Increased interest in local revenue options related to pipelines and resource development | <ul style="list-style-type: none"> Work with interested First Nations, federal and provincial governments Increase law development services as required Develop a mining tax (BATs) |
| Provincial support for resource revenue sharing | <ul style="list-style-type: none"> Increased interest from provinces, Canada and First Nations in FNTC equalization reform proposal | <ul style="list-style-type: none"> Make presentations and advance equalization reform proposal with federal and provincial governments and First Nations Seek additional resources as needed |
| Taxpayer concerns: Fees to property taxes | <ul style="list-style-type: none"> Transition issues between taxpayers and First Nations | <ul style="list-style-type: none"> Continue to increase support for law development in Manitoba and Ontario Increase support for dispute resolution and taxpayer representation laws |
| Local revenue debenture demand | <ul style="list-style-type: none"> Shifts in demand for local revenue secured debenture support | <ul style="list-style-type: none"> Work with interested First Nations Adjust resources as required |
| First Nation capacity development workshops | <ul style="list-style-type: none"> Increased demand for workshops, presentations, and other services from various stakeholders | <ul style="list-style-type: none"> Develop workshops related to economic development, service agreements, and negotiations Deliver workshops on request |

Key Initiatives for 2014/2015

In addition to the activities in each of the FNTC business lines, the FNTC has identified 10 key initiatives for 2014/2015.

1. **FMA Amendments** – The FNTC will continue to seek the introduction of FMA amending legislation by Parliament, as recommended by the Minister of Aboriginal Affairs and Northern Development in March 2012.
2. **First Nations Gazette** – In 2013/2014 the FNTC revised and launched the online *First Nations Gazette*. The FNTC added a notification feature to the online *Gazette* so that First Nations could use it to provide legal notices and other information to stakeholders. As a more efficient use of resources, in 2014/2015 the *Gazette* will cease publication of its hard copy edition and move to online publication only. Activities to market this change and the new features of the online *Gazette* will continue.
3. **Utility Property Taxes** – The FNTC has begun to work with First Nations located along proposed oil and gas pipelines in BC and Alberta. They have expressed a strong interest in receiving property tax revenues from the proposed pipeline rights of way. A recent study by the federal government has suggested revenue sharing options play an important role in pipeline development. In 2014/2015 the FNTC will work with First Nations and the federal and provincial governments to explore how impacted First Nations could realize a property tax benefit from the construction of pipelines in BC and Alberta and possibly other parts of Canada.
4. **BATs (Resource Industries)** – Some First Nations are considering implementing BATs related to resource industries on their lands. Others are hoping to collect BATs from resource developments resulting from the ATR process. In 2014/2015 the FNTC will begin to work with interested First Nations on BATs relating to resource industries. Any proposed resource tax will be based on existing practices and will be designed to maintain a competitive resource development investment climate.
5. **Negotiations Capacity Development** – In 2013/2014 the FNTC and Tulo jointly launched their first workshops focussed on advancing property taxation within First Nation communities. In 2014/2015 the FNTC will continue working with Tulo to deliver workshops to interested First Nations and professionals relating to negotiating service agreements, facilitating commercial and residential investment on First Nation lands, and negotiating successful resource development agreements.
6. **Taxpayer Relations** – In 2014/2015 the FNTC will continue to promote and enable taxpayer relations initiatives including the development of taxpayer representation to council laws as requested by interested First Nations and their taxpayers.

7. **Local Revenue Borrowing** – The first debenture, secured mainly by “other revenues”, is pending in 2013/2014. One First Nation will participate in this debenture issue using “local revenues”. The success of this issue should generate more demand for local revenue secured debentures in 2014/2015. FNTC will work with other institutions and interested First Nations to increase the number of FMA First Nations that use local revenues to support long-term borrowing projects.
8. **FNPO** – In 2013 the Nisga’a Nation issued the first fee simple title to First Nation members on First Nation lands. This is precisely what the FNPO-proponent First Nations hope to do in the near future as well. In 2014/2015 the FNTC will work with proponent First Nations and the federal government to advance this initiative towards legislation being introduced by Parliament. The FNPO initiative is recognized internationally and has attracted interest from other indigenous groups, including the Maori of New Zealand. In disseminating its research and sharing its legislative proposal, FNTC will include indigenous communities outside of Canada among its recipients for this information.
9. **Revenue Sharing Proposal** – One of the barriers to expanding First Nation revenue options and realizing their support for resource development projects is that provinces do not have sufficient incentives to share revenues with First Nations. In recognition of this barrier, the FNTC is exploring a concept for a revenue sharing model that would consider First Nations and the interest of the provincial governments. The approach would help ensure that the provinces are not penalized by the federal equalization system because they share revenues with First Nations. The FNTC will explore this proposal with the federal and provincial governments and First Nations throughout 2014/2015.
10. **FNGST** – In 2013/2014 three First Nations sought and received FNTC support for their consideration of acquiring FNGST jurisdiction. In 2014/2015 the FNTC will continue to support these First Nations and develop a working relationship with Finance Canada to coordinate responses to First Nations seeking to implement FNGST systems.

Objectives, Strategies, and Performance Measures for 2014/2015

Corporate Services

The objective of Corporate Services is to create an effective work environment for FNTC service areas and operate the FNTC and its Secretariat in keeping with the FMA Part 2 and 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.

Strategies and Activities

In 2014/2015 Corporate Services will continue to manage the operation of the FNTC, including:

- Producing the annual Corporate Plan, work plan, and financial plan
- Managing the capital requirements for head office and National Capital Region office
- Updating financial reporting and Tangible Capital Assets (TCA) reporting systems
- Providing training and professional development opportunities
- Convening four general FNTC meetings and six law review meetings
- Meeting Access to Information and Privacy (ATIP) requirements
- Managing the *First Nations Gazette*, including
 - Implementation of marketing strategy
 - Development and distribution of marketing materials
 - Initiation of discussion with the federal government regarding s. 81 by-laws
- Implementing information management strategies, including;
 - Implementation of recommendations from work with Library and Archives Canada
 - Revision of information management procedures manual
 - Implementation of solutions for email management
- Manage special initiatives/projects, including
 - Institutional coordination to support and promote local revenue debenture borrowing
 - FNPO
 - Tax Revenue Sharing
 - FNGST

Performance Measures

| |
|---------------------------------------------------------------------------------------------------------------------------------------------|
| Produce and approve annual Corporate Plan, work plan, and financial plan |
| Implement new financial reporting and TCA system |
| Complete IT training and file management training for all staff, meet ATIP requirements |
| Hold four Commission meetings and six law review meetings |
| Maintain online <i>First Nations Gazette</i> , implement marketing strategy |
| Implement Library and Archives Canada recommendations, update information management procedures manual, implement email management solution |
| Manage special initiatives/projects |

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.

Strategies and Activities

In 2014/2015 Policy Development will develop, seek public input on, and present at least three of the following Standards for approval by the Commission:

- Property taxation
- Borrowing
- Rates
- Expenditures
- DCCs
- Taxation under s. 5(1)(a) laws with regional application

Policy Development will also initiate or continue the research and development process to publish policy papers in many of the following areas, which could impact FNTC Standards, procedures, or sample laws:

- Tax exemption agreements
- Best practices in assessment appeal procedures
- Best practices in tax enforcement
- ATRs and local government tax loss
- BATs for resource industries
- Mining taxes under FMA
- Utility taxes under FMA
- Pipelines and property taxation
- Treaty Land Entitlement (TLE) and property taxation

Policy Development will continue to review the s. 83 property tax policy and the s. 83 assessment policy and explore possible s. 83 utility and well drilling tax by-laws.

As well, Policy Development has prioritized projects with other institutions related to

- Local revenue account management
- Synthesizing borrowing process and materials with the FNFA
- Borrowing coordination
- Support for First Nation economic development
- Local revenue account statistics
- Continue to work with FMB to reduce potential conflicts between s. 5 and s. 9 laws
- Improve law development coordination with FMB

Policy Development will also coordinate the development of the FNTC pre-budget submission.

Performance Measures

| |
|---------------------------------------------|
| Approve 3 Standards |
| Review 2 s. 83 policies |
| Develop up to 8 policy/research papers |
| Initiate 3 projects with other institutions |
| Complete pre-budget submission |

Law/By-law Review and Regulations

The objective of 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 providing support, such as sample laws/by-laws, to First Nations in the law development process, working with Canada to improve the legislative and regulatory framework, and approving First Nations laws that comply with the regulatory framework.

Law/By-law Review and Regulations also assists the FNTC in monitoring legal developments that may impact the FNTC’s work.

Strategies and Activities

Law/By-law Review and Regulations will develop or modify up to four sample laws in the following areas:

- Taxation under s. 5(1)(a) laws with regional application
- Property taxation
- Rates
- Borrowing

- Expenditure
- DCCs

Law/By-law Review and Regulations expects that it will review 130 annual and non-annual FMA laws in 2014/2015 and present the reviews and laws to the Commission for approval. It also expects the Commission to review 50 s. 83 by-laws and to submit the recommendations and by-laws to the Minister of Aboriginal Affairs and Northern Development for approval.

As a priority, Law/By-law Review and Regulations will work, as necessary, with the federal government to develop FMA amending legislation and support the implementation of the FMA Seven-Year Review.

Law/By-law Review and Regulations will also

- Revise and update the law review manual
- Continue to review and update sample s. 83 by-laws in the areas of local improvement, taxation by-laws, and assessment by-laws in Saskatchewan, Manitoba, Ontario, New Brunswick, and Nova Scotia
- Continue to operate the First Nation support program to assist up to 10 First Nations to implement laws under the FMA
- Work with federal government and other fiscal institutions to develop the regulations enabling self-government First Nation access to FMA borrowing
- Monitor progress on Bill C-428 *Indian Act Amendment and Replacement Act*
- Maintain a registry of First Nation laws and by-laws

Performance Measures

| |
|---------------------------------------------------------------|
| Produce/modify up to 4 sample laws |
| Review 130 annual and non-annual FMA laws |
| Review 50 by-laws |
| Review and update sample s. 83 by-laws |
| Assist up to 10 First Nations to transition to FMA |
| Maintain registry of First Nation laws and by-laws |
| Support legislative amendments from the FMA Seven-Year Review |
| Revise and update the law review manual |

Communications

The objective of Communications is to promote the understanding of the First Nation real property taxation system.

Strategies and Activities

In 2014/2015 Communications will participate in the development and production of the Annual Report, as well as coordinate and develop materials for the FNTC Annual General Meeting. This will include developing stories highlighting FMA successes.

Throughout the fiscal year, Communications will continue to streamline and maintain the FNTC website, implement a revised brand guide, coordinate, and develop presentations to support other business lines, and work with Corporate Services to ensure that the FNTC continues to meet the requirements of the *Official Languages Act* (OLA).

Communications will also create a content library including success stories, photos, and video interviews. Success stories will be collected from First Nations, varying in size and locations, in text, photo, and video format and will be used in presentations, articles, brochures, tradeshow booth videos, website, and other communications.

Communications will also,

- Publish the *Clearing the Path* newsletter quarterly
- Maintain email distribution database
- Update communications materials, including content, brand and the development of new templates for print materials and presentation materials
- Update the local revenue expenditure guide and the real property taxation guide in both languages
- Support FNPO communications

Performance Measures

| |
|--------------------------------------------------------------------------------------------------------|
| Prepare and publish Annual Report in print and electronic in both official languages |
| Hold Annual General Meeting |
| Update and maintain the FNTC website |
| Develop and coordinate presentations |
| Ensure compliance with OLA obligations |
| Create content library |
| Publish and distribute <i>Clearing the Path</i> newsletter quarterly |
| Update real property taxation guide and the local revenue expenditure guide in both official languages |
| Update brand guide |
| Maintain email database |
| Update FNPO communications materials |

Education

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

Education activities occur 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 14 courses leading to an accredited Certificate in First Nation Tax Administration or a Certificate in First Nation Applied Economics.

Strategies and Activities

In 2013/2014 the FNTC and Tulo jointly launched their first workshops focussed on advancing property taxation within First Nation communities and regions. In 2014/2015 the FNTC will continue work with Tulo to deliver four workshops to interested First Nations and professionals related to negotiating service agreements, facilitating commercial and residential investment on First Nation lands, and negotiating successful resource development agreements

Education and Tulo are also working to enhance the curricula for the First Nation Tax Administration certificate through the development of a student textbook based on the current curriculum and a generic case study for use throughout the entire certificate program. The case study will follow one fictional First Nation through all the steps: from deciding to be on the FMA Schedule, to implementing laws, developing capital plans, borrowing, and building infrastructure.

In 2014/2015, Education and Tulo will undertake the following activities:

- Through a blended delivery model, deliver seven courses of the Certificate in First Nation Tax Administration program
- Deliver one online course in the Certificate in First Nation Applied Economics program
- Graduate the third class in the Certificate in First Nation Tax Administration program

Education will also

- Support and maintain TAS
- Continue to develop FNPO certificate
- Expand First Nation community outreach

Performance Measures

| |
|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Certificate in First Nation Tax Administration textbook and case study in progress |
| FNPO certificate in progress |
| Deliver 7 courses in the Certificate in First Nation Tax Administration program and one online course in the Certificate in First Nation Applied Economics |
| Third graduating class from the Certificate in First Nation Tax Administration |
| Deliver 4 community or regional training workshops |
| Maintain and provide support for TAS |

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.

Strategies and Activities

In 2014/2015 Dispute Management will

- Respond to requests for negotiation facilitation and dispute resolution

Objectives, Strategies, and Performance Measures for 2014/2015

- Maintain a roster of qualified mediators and provide training opportunities for mediators
- Facilitate service agreements between First Nations and local governments as required to support the implementation of property tax systems or, if requested, ATRs and TLEs
- Undertake negotiations with provincial assessment authorities regarding contracted assessment services to First Nations
- Support, promote, and enable taxpayer relations initiatives, including the development of taxpayer representation to council laws
- Respond to legal challenges to the First Nations tax system and, where appropriate, intervene
- Offer training opportunities to FNTC, selected First Nations, and Tulo for a) mutual gains negotiations and b) dispute resolution

Performance Measures

| |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Maintain roster of mediators |
| Facilitate negotiations and provide for dispute resolution on request |
| Provide support services for <ul style="list-style-type: none"> • Provincial assessment services to First Nations • Improved taxpayer relations • Service agreement negotiations |
| Provide training to FNTC, Tulo, and selected First Nations |

Corporate Work Plan for 2014/2015

| Objectives & Activities | Performance Measures |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Corporate Services | |
| Produce and approve annual Corporate Plan, work plan and financial plan | Annual Corporate Plan, work plan and financial plan |
| Manage capital requirements for HO and NCR | Capital requirements managed |
| Update financial reporting and TCA reporting systems | Updates implemented |
| Commission and staff training and provide professional development | IT and file management training and professional development provided |
| Hold 4 general FNTC meetings and 6 law review meetings | 10 meetings held |
| Provide administrative management and committee support | Management and support provided |
| Meet ATIP and Info Source reporting requirements | Reporting requirements met |
| Manage <i>First Nations Gazette</i> including <ul style="list-style-type: none"> • Implement marketing strategy • Develop and distribute marketing materials • Initiate discussion with the federal government regarding s. 81 by-laws | <ul style="list-style-type: none"> • Strategy implemented • Materials developed and distributed • Discussion initiated |
| Information Management <ul style="list-style-type: none"> • Implement any recommendations arising from work with Library and Archives Canada • Revise and update information management procedures manual • Implement email management solutions | <ul style="list-style-type: none"> • Recommendations implemented • Manual updated • Email management solution implemented |
| Manage special initiatives and projects concerning <ul style="list-style-type: none"> • Local revenue debenture borrowing • FNPO • Tax revenue sharing • FNGST | Special initiatives and projects managed |
| Policy Development | |
| Develop, seek public input on, and present at least three of the following Standards for approval by the Commission <ul style="list-style-type: none"> • Property taxation • Borrowing • Rates • Expenditures • DCCs • Taxation under s. 5(1)(a) laws with regional applications | 3 Standards approved |
| Continue to review s. 83 property tax and assessment policies, and explore possible s. 83 utility and well drilling tax by-laws | 2 policies reviewed |
| Initiate or continue research and policy development in the following <ul style="list-style-type: none"> • Tax exemption agreements • Best practices in assessment appeal procedures • Best practices in tax enforcement • ATRs and local government tax loss – research • Pipelines and property taxation – research • BATs for resource industries • Mining taxes • Utility taxes • TLE and property taxation – policy paper | Up to 8 policies developed and research initiated |
| Initiate or continue projects with other institutions related to <ul style="list-style-type: none"> • Local revenue account management • Synthesizing borrowing process and materials with FNFA • Borrowing coordination • Support for First Nation economic development • Local revenue account statistics • Improve law development coordination with FMB | 3 projects with other institutions initiated |
| Complete FNTC pre-budget submission | Pre-budget submission completed |

| Objectives & Activities | Performance Measures |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|
| Law/By-law Review and Regulation | |
| Develop or modify up to 4 sample laws in the following areas <ul style="list-style-type: none"> • Taxation under s. 5(1)(a) laws with regional applications • Property taxation • Borrowing • Rates • Expenditure • DCCs | 4 sample laws produced or modified |
| Review annual and non-annual FMA laws | 130 FMA laws reviewed |
| Revise and update law review manual | Manual revised/updated |
| Support legislative amendments from FMA Seven-Year Review | Support for legislative amendments provided |
| Review of s. 83 by-laws | 50 by-laws reviewed |
| Support up to 10 First Nations to transition to FMA | Transition support provided |
| Maintain registry of First Nation laws and by-laws | Registry maintained |
| Develop or modify sample s. 83 by-laws in the following areas <ul style="list-style-type: none"> • Local improvement by-law • Taxation by-law - Sask, Man, Ont, NB, and NS • Assessment by-law - Sask, Man, Ont, NB and NS | Sample by-laws developed or modified |
| Monitor legal developments including Bill C-428 | Legal developments monitored |
| Communications | |
| Develop and publish (print/electronic) Annual Report in both official languages | Annual Report published |
| Coordinate and develop materials for FNTC Annual General Meeting | Materials developed and AGM held |
| Streamline and maintain website - work to update content of website, increase efficiency of the website's content manager/admin module | Website maintained and updated |
| Coordinate and develop presentations | Presentations developed |
| Update local revenue expenditure guide | Guide updated |
| Ensure FNTC meets OLA requirements | OLA compliance maintained |
| Maintain email distribution database | Database maintained |
| Support FNPO communication | FNPO support provided |
| Publish <i>Clearing the Path</i> quarterly newsletter | Newsletter published and distributed |
| Update communication materials, including content and brand guide | Communication materials updated |
| Create a content library | Library created |
| Update real property taxation guide in both official languages | Guide updated |
| Education | |
| Develop textbook and case study for Certificate in First Nation Tax Administration | Textbook and case study developed |
| Deliver 1 accredited online course | Online course delivered |
| Support FNTC partners in the development and delivery of 4 workshops for First Nations | Workshops delivered |
| Deliver through Tulo and TRU, 7 accredited courses | Courses delivered |
| Maintain and provide support for TAS | TAS support provided |
| Continue to support training in First Nation tax administration | Training supported with third graduating class in Certificate program |
| Continue to develop FNPO certificate | Certificate development continued |
| Dispute Management | |
| Maintain roster of mediators and provide training | Roster maintained and training provided |
| Respond to requests for facilitation, dispute resolution | Facilitation/dispute resolution provided |
| Support services provided for <ul style="list-style-type: none"> • Provision of provincial assessment services to First Nations • Development of taxpayer relations systems • Service agreement negotiations as required | Support services provided |
| Intervene in property tax litigation where appropriate | Intervention provided |
| Provide training to FNTC, selected First Nations and Tulo <ul style="list-style-type: none"> • Mutual gains negotiation • Dispute resolution | Training delivered |

FNTC Financial Plan for 2014/2015

The FNTC Financial Plan presents the financial results for 2012/2013, forecasts for 2013/2014 and projections for 2014/2015 to 2018/2019.

Financial Performance 2012/2013 and 2013/2014

Financial assets at the end of 2012/2013 totaled \$2.54 million and consisted of cash and accounts receivable. The forecasted financial assets at the end of 2013/2014 are \$2.26 million and consist of cash and accounts receivable. Liabilities consisting of accounts payable and contracts payable totaled \$2.31 million at the end of 2012/2013 and are forecasted to be \$2.06 million at the end of 2013/2014.

Non-financial assets of the FNTC which consist of prepaid expenses and tangible capital assets totaled \$260 thousand at the end of 2012/2013 and are forecasted to be \$290 thousand at the end of 2013/2014. The FNTC's tangible capital assets are comprised of furniture, IT infrastructure equipment, software, website development costs, and leasehold improvements relating to its business premises. The Commission does not own real property and does not carry debt. The Commission leases space for its head office on the reserve lands of the Tk'emlúps te Secwepemc and in Ottawa for its National Capital Region office.

Following is an overview of the FNTC's actual performance for 2012/2013 against its plan and its forecasted performance for 2013/2014 against its plan with an explanation of significant variances.

| Statement of Financial Activities | | | | |
|--------------------------------------------|----------------|------------------|----------------|--------------------|
| | 2012/2013 Plan | 2012/2013 Actual | 2013/2014 Plan | 2013/2014 Forecast |
| Revenue | | | | |
| Government of Canada | \$ 5,865,338 | \$ 5,865,338 | \$ 5,909,666 | \$ 5,909,666 |
| Government of Canada - special initiatives | 1,899,072 | 1,899,072 | 964,880 | 964,880 |
| Other | 3,000 | 39,002 | 3,000 | 32,000 |
| | \$ 7,767,410 | \$ 7,803,412 | \$ 6,877,546 | \$ 6,906,546 |
| Expenses | | | | |
| Commission costs | 862,332 | 822,611 | 883,931 | 892,000 |
| Corporate Services | 1,236,535 | 1,147,596 | 1,233,583 | 1,227,126 |
| Gazette operations | 187,794 | 198,161 | 187,815 | 183,000 |
| Policy Development | 825,477 | 850,660 | 811,784 | 809,000 |
| Education | 511,321 | 511,426 | 538,410 | 538,000 |
| Dispute Management | 111,557 | 209,032 | 183,962 | 238,100 |
| Communications | 743,470 | 761,297 | 719,434 | 713,000 |
| Law/By-law Review and Regulations | 1,389,852 | 1,403,557 | 1,353,747 | 1,341,440 |
| Special Initiatives - FNPO | 1,899,072 | 1,899,072 | 964,880 | 964,880 |
| | \$ 7,767,410 | \$ 7,803,412 | \$ 6,877,546 | \$ 6,906,546 |
| Net Surplus (deficit) | \$ - | \$ - | \$ - | \$ - |

| Statement of Financial Position | | |
|---------------------------------------|------------------|--------------------|
| | 2012/2013 Actual | 2013/2014 Forecast |
| Financial Assets | | |
| Cash | \$ 2,486,458 | \$ 2,192,605 |
| Accounts receivable | 57,023 | 70,000 |
| | 2,543,481 | 2,262,605 |
| Liabilities | | |
| Accounts payable | 1,134,350 | 1,210,000 |
| Contracts payable | 1,175,882 | 850,000 |
| | 2,310,232 | 2,060,000 |
| Net Financial Assets | 233,249 | 202,605 |
| Non-Financial Assets | | |
| Prepaid expenses | 37,610 | 30,000 |
| Tangible capital assets | 221,898 | 260,151 |
| | 259,508 | 290,151 |
| Accumulated Surplus | \$ 492,757 | \$ 492,756 |
| Accumulated Surplus | | |
| Investment in tangible capital assets | \$ 221,898 | \$ 260,151 |
| Current funds | 270,859 | 232,605 |
| Accumulated Surplus | \$ 492,757 | \$ 492,756 |

| Statement of Cash Flows | | |
|--------------------------------------------------------|------------------|--------------------|
| | 2012/2013 Actual | 2013/2014 Forecast |
| Operating Activities | | |
| Annual surplus (deficit) | \$ - | \$ - |
| Items not involving cash | | |
| Amortization | 210,194 | 146,746 |
| Loss on disposal of tangible capital assets | (5,950) | - |
| Changes in non-cash operating balances | | |
| Accounts receivable | 50,427 | (12,977) |
| Prepaid expenses | (8,197) | 7,610 |
| Accounts payable and contracts payable | 667,570 | (250,232) |
| Cash flows from operating activities | 914,044 | (108,853) |
| Investing Activities | | |
| Purchase of tangible capital assets | (268,146) | (185,000) |
| Proceeds on sale of tangible capital assets | 5,950 | |
| | (262,196) | (185,000) |
| Net increase (decrease) in cash during the year | 651,848 | (293,853) |
| Cash, beginning of the year | 1,834,610 | 2,486,458 |
| Cash, end of the year | \$ 2,486,458 | \$ 2,192,605 |

2012/2013 Plan vs. Actual and 2013/2014 Plan vs. Forecast

Revenues 2012/2013 Actual

Revenues for 2012/2013 were \$7.803 million, \$36 thousand over a budgeted plan of \$7.767 million. The revenue for 2012/2013 consisted of government funding of \$5.865 million for FNTC core business activities, \$1.899 million of funding from the Government of Canada for research and work on the FNPO initiative, and \$39 thousand of other source revenue from bank interest and *First Nations Gazette* subscriptions. The bank interest earned in 2012/2013 was greater than planned.

Expenses 2012/2013 Actual

Expenses for 2012/2013 were \$7.803 million, \$36 thousand over budgeted expenditures of \$7.767 million, resulting in a nil surplus/deficit for the year. Expenses relating to core business activities totaled \$5.904 million, and expenses relating to special initiatives totaled \$1.899 million. Expenses in the Dispute Management business line were \$97 thousand above planned levels due to an increase in the cost of providing dispute services in the year. The increase in Dispute Management costs was offset by a reduction in expenses in the Corporate Services business line.

Expenses relating to special initiatives undertaken by the FNTC during the year totaled \$1.899 million. These expenses related to work undertaken in the FNPO initiative and were in line with planned amounts. There was no surplus or deficit resulting from the special initiative activities.

Capital Expenditures 2012/2013 Actual

Capital expenditures during the 2012/2013 totaled \$268 thousand and related to furniture purchases, information technology related equipment purchases including servers and lifecycle replacement of desktop computer and laptops, website and software development costs, and fit up costs relating to the relocation of the NCR office.

Revenues 2013/2014 Forecast

Total revenues for 2013/2014 are forecast to be \$6.906 million, \$28 thousand over a budgeted plan of \$6.878 million. The forecasted revenues include \$5.910 million from the Government of Canada for core business activities and \$965 thousand from the Government of Canada for activities relating to the FNPO initiative. Other income arising from bank interest and *First Nations Gazette* subscriptions is forecasted to be \$32 thousand, an increase of \$29 thousand over plan.

Expenses 2013/2014 Forecast

Total expenses for 2013/2014 are forecast to be \$6.906 million, with a forecasted deficit of \$0.

Expenses relating to core business activities are forecast to be \$5.941 million, \$29 thousand over planned expenses of \$5.912 million. Dispute costs are forecasted to be \$24 thousand over planned for 2013/2014 resulting from increased efforts surrounding the resolution of a taxpayer dispute and support for taxation and service agreement negotiations. Work to resolve the dispute is anticipated to continue in 2014/2015. The forecasted variance in dispute costs will be offset by greater than planned other revenues, and efficiencies realized in other business lines. All other business lines are forecasted to be within planned levels.

Expenses related to the FNPO initiative are forecast to be \$965 thousand, consistent with plan.

Capital Expenditures 2013/2014 Forecast

Capital expenditures for 2013/2014 relating to reorganization of the business premises at the FNTC head office, including furniture and equipment and fit up costs, the ongoing repair and replacement of worn out equipment, information technology related equipment including lifecycle replacement of desktop computer, laptops, and software licensing are forecast to be \$185 thousand.

Financial Plan 2014/2015 TO 2018/2019

The proposed budget for the FNTC for 2014/2015 is balanced, and has revenues and expenditures planned at \$5.934 million. The plan includes revenue from the Government of Canada for its core activities of \$5.931 million, and \$3 thousand in revenue from other sources. The planned revenues from the Government of Canada for core activities represent an increase of less than 0.5% over funding levels for 2013/2014. The modest increase is consistent with Canada's plan to balance the federal budget for 2015/2016 and efforts by the Commission to find efficiencies where possible.

The table below contains the financial plan for the FNTC for 2014/2015 to 2018/2019. The following assumptions have been used in the preparation of the financial plan.

1. The financial plan for the period 2014/2015 to 2018/2019 cover the 12-month fiscal year ending March 31 and are projected results for the period.
2. The financial plans have been prepared based on a detailed review of the FNTC business lines including the initiatives, strategies, and activities planned for 2014/2015, an external risk assessment, the expected policy environment for the coming fiscal year, and best estimates of management for the cost of activities under each business line. No significant changes to the core activities or FNTC business lines are forecasted in the planning period.
3. No provision has been made for an increase in Commissioner remuneration for 2014/2015 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 *First Nations Gazette* services and bank interest.
6. The financial plan for 2014/2015 does not include 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. The financial plan for 2014/2015 to 2018/2019 includes only those revenues projected for core business activities.

| Statement of Financial Activities | | | | | |
|--------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2014/2015 Plan | 2015/2016 Plan | 2016/2017 Plan | 2017/2018 Plan | 2018/2019 Plan |
| Revenue | | | | | |
| Government of Canada | \$ 5,930,948 | \$ 5,998,953 | \$ 6,101,006 | \$ 6,183,590 | \$ 6,282,673 |
| Government of Canada - special initiatives | - | - | - | - | - |
| Other | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 |
| | 5,933,948 | 6,001,953 | 6,104,006 | 6,186,590 | 6,285,673 |
| Expenses | | | | | |
| Commission Costs | 895,035 | 901,623 | 911,723 | 918,327 | 927,262 |
| Corporate Services | 1,253,591 | 1,279,987 | 1,306,345 | 1,333,169 | 1,359,367 |
| Gazette operations | 185,871 | 189,182 | 193,824 | 198,580 | 203,456 |
| Policy Development | 799,223 | 778,129 | 791,192 | 804,486 | 818,016 |
| Education | 533,806 | 542,380 | 526,622 | 529,324 | 538,822 |
| Dispute Management | 190,948 | 247,894 | 251,663 | 255,491 | 259,377 |
| Communications | 719,204 | 724,327 | 762,670 | 773,555 | 784,872 |
| Law/By-law Review and Regulations | 1,356,269 | 1,338,431 | 1,359,967 | 1,373,657 | 1,394,501 |
| Special Initiatives | - | - | - | - | - |
| | 5,933,948 | 6,001,953 | 6,104,006 | 6,186,590 | 6,285,673 |
| Net Surplus | \$ - | \$ - | \$ - | \$ - | \$ - |

| Statement of Financial Position | | | | | |
|---------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2014/2015 Plan | 2015/2016 Plan | 2016/2017 Plan | 2017/2018 Plan | 2018/2019 Plan |
| Financial Assets | | | | | |
| Cash | \$ 1,886,096 | \$ 1,831,074 | \$ 1,859,170 | \$ 1,893,790 | \$ 1,840,457 |
| Accounts receivable | 70,000 | 70,000 | 70,000 | 70,000 | 70,000 |
| | 1,956,096 | 1,901,074 | 1,929,170 | 1,963,790 | 1,910,457 |
| Liabilities | | | | | |
| Accounts payable | 1,235,000 | 1,185,000 | 1,185,000 | 1,185,000 | 1,185,000 |
| Contracts payable | 605,000 | 605,000 | 605,000 | 605,000 | 605,000 |
| | 1,840,000 | 1,790,000 | 1,790,000 | 1,790,000 | 1,790,000 |
| Net Financial Assets | 116,096 | 111,074 | 139,170 | 173,790 | 120,457 |
| | | | | | |
| Non-Financial Assets | | | | | |
| Prepaid expenses | 30,000 | 30,000 | 30,000 | 30,000 | 30,000 |
| Tangible capital assets | 346,660 | 243,683 | 251,586 | 252,967 | 273,887 |
| | 376,660 | 273,683 | 281,586 | 282,967 | 303,887 |
| Accumulated Surplus | \$ 492,756 | \$ 384,756 | \$ 420,756 | \$ 456,757 | \$ 424,344 |
| | | | | | |
| Accumulated Surplus | | | | | |
| Investment in tangible capital assets | \$ 346,660 | \$ 243,683 | \$ 251,586 | \$ 252,967 | \$ 273,887 |
| Current funds | 146,096 | 141,074 | 169,170 | 203,790 | 150,457 |
| Accumulated Surplus | \$ 492,756 | \$ 384,756 | \$ 420,756 | \$ 456,757 | \$ 424,344 |

| Statement of Cash Flows | | | | | |
|--------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2014/2015 Plan | 2015/2016 Plan | 2016/2017 Plan | 2017/2018 Plan | 2018/2019 Plan |
| Operating Activities | | | | | |
| Annual surplus (deficit) | \$ - | \$ - | \$ - | \$ - | \$ - |
| Items not involving cash | | | | | |
| Amortization | 163,491 | 139,978 | 138,096 | 134,620 | 71,667 |
| Loss on disposal of tangible capital assets | - | - | - | - | - |
| Changes in non-cash operating balances | | | | | |
| Accounts receivable | - | - | - | - | - |
| Prepaid expenses | - | - | - | - | - |
| Accounts payable and contracts payable | (220,000) | (50,000) | - | - | - |
| Cash flows from operating activities | (56,509) | 89,978 | 138,096 | 134,620 | 71,667 |
| Capital Activity | | | | | |
| Purchase of tangible capital assets | (250,000) | (145,000) | (110,000) | (100,000) | (125,000) |
| Net (decrease) increase in cash during the year | (306,509) | (55,022) | 28,096 | 34,620 | (53,333) |
| Cash, beginning of the year | 2,192,605 | 1,886,096 | 1,831,074 | 1,859,170 | 1,893,790 |
| Cash, end of the year | \$ 1,886,096 | \$ 1,831,074 | \$ 1,859,170 | \$ 1,893,790 | \$ 1,840,457 |