

FNII as Part of a Better First Nation Infrastructure System

A Better Infrastructure System

A better First Nation infrastructure system would have more jurisdiction, revenues and capacity at the local level to speed decisions, better manage projects and costs, improve operation and maintenance and generate sufficient revenues to replace infrastructure. A better system would have tribal, regional and provincial First Nation institutions provide necessary professional support for all parts of the infrastructure cycle, to encourage cost efficiencies through aggregations and standards and to ensure community sustainability through integrated planning and better access to revenues and resources. A better system would have a national institution to improve access to infrastructure financing capital, encourage and promote innovations, develop standards, support local and regional capacity development, increase revenues available for all parts of the infrastructure cycle and provide insurance options to manage risks. This better First Nation infrastructure system would reduce time and costs of infrastructure development, increase durability, improve health and social outcomes and support the growth of First Nation economies and revenues to build sustainable communities and nations.

The work towards a better First Nation infrastructure system is well underway. Several First Nations have begun to use long-term financing through the Fiscal Management Act (FMA) to build more sustainable infrastructure. There are several tribal, regional and provincial organizations who have begun to collect information, develop capacity and support aggregation and other infrastructure efficiencies. A proposal for a national First Nation Infrastructure Institution (FNII) has also emerged from the FMA institutions and some proponent First Nations. They are proposing that FNII be established as an optional FMA institution as one element of a better infrastructure system.

Innovations to deliver better outcomes

FNII will support at least the following improvements in the First Nation infrastructure system:

1. **Longer term stable federal transfers** – FNII will work with participating First Nations and the FMA institutions to develop a better system of federal contributions to First Nation infrastructure. One preliminary proposal is to separate transfers for O&M from federal contributions to new infrastructure. FNII and the FMA institutions will work with participating First Nations to ensure that new infrastructure transfers can be pledged as long-term financing security for infrastructure.
2. **New revenues** – FNII will work with participating First Nations and the other FMA institutions to enable new, more stable revenue sources to enhance sustainability. These new revenues could include implementing First Nation resources, carbon, fuel, tobacco and cannabis tax jurisdiction and removing the current caps on the FNGST. They could also include participation in resource projects or other secure revenues.
3. **Improved access to capital** – As an FMA institution, FNII will help participating First Nations get access to infrastructure financing at longer terms and lower rates through the FNFA. It is hoped that participating First Nations can combine improved transfers with more revenues to build infrastructure sooner and have the necessary resources to ensure its sustainability. FNII will work with participating

First Nations and the FMA institutions to improve the credit rating. As more First Nations participate, risk diversification will further improve credit and lower the cost of capital.

4. **Standards and capacity** – FNII will support the development of standards and sample laws to support all elements of the infrastructure cycle. FNII will work with participating First Nations to implement these standards efficiently and cost effectively. This will support more effective local, regional and provincial capacity development. It will increase expertise and reduce the time and cost of all phases of the infrastructure cycle.
5. **Reduce review processes** – The current system often has two or three levels of review for First Nation infrastructure systems. Other governments only have one review for infrastructure because they rely on professional certifications. FNII will help develop the capacity of participating First Nations and tribal and other organizations to enable a shorter, comparable review process. This will save considerable time and money for participating First Nations.
6. **Support innovation** – FNII will work with participating First Nations to support two innovations. First, more infrastructure decisions and management will occur locally, tribally or regionally. This will provide the opportunity to implement infrastructure innovations appropriate for local circumstances. FNII will also develop a national database of First Nation infrastructure assets, projects and results from participating First Nations. This database will be used to support research and better policies and standards and to identify innovations that save time and money and improve sustainability.
7. **Capitalize on aggregation opportunities** – Economies of scale can lead to efficiencies and lower costs. FNII will work with participating First Nations to take advantage of the strength from numbers. This could lead to costs savings related to procurement and professional support. It could lead to participation by the private sector in larger First Nation infrastructure projects. It could lead to building more sustainable economic infrastructure to support resource and other types of projects.
8. **Develop insurance options** – There are a series of risks associated with infrastructure related to health, safety and the environment. The costs of calculating these risks for one type of infrastructure or one community and the subsequent insurance premiums can be prohibitive. FNII will work with participating First Nations to develop affordable options for infrastructure insurance.
9. **Incorporate economic potential** – Economic growth sustains social programs and improves health and safety. The current infrastructure system focuses on social and health and safety priorities for First Nation infrastructure but does not support economic infrastructure considerations. Social, health and safety are key infrastructure considerations, but without economic growth, First Nation infrastructure is unsustainable which leads to even worse social, health and safety outcomes. FNII will value these community priorities but also economic ones. FNII will work with participating First Nations to break the unsustainable infrastructure cycle by incorporating economic and fiscal potential into the First Nation infrastructure system. This means considering economic potential in the planning stage. It means lifecycle fiscal and financial infrastructure planning. It means supporting more economic infrastructure projects and ensuring First Nations receive more economic and fiscal benefits from resource and other projects in their territories.