

FEBRUARY 9, 2009

First Nations Tax Commission Annual Corporate Plan 2009/2010



Contents

<u>Executive Summary</u>	1
<u>Corporate Profile</u>	3
Mission	3
Mandate	4
Structure	4
Governance	5
<u>Strategic Issues for Planning Period</u>	7
Assessment of Previous Results	7
Assessment of External Environment and Strategy	10
<u>External Risks and Strategies</u>	13
Analysis of 2008/2009 Risk Management Strategy	13
2009/2010 Risk Management Strategy	14
<u>Assessment of Corporate Resources</u>	17
S. 83 Services	18
<u>Objectives, Strategies and Performance Measures</u>	19
Corporate Services	19
Policy Development	21
Law/By-law Review and Regulations	23
Communications	24
Education	25
Dispute Management	27
<u>2009/2010 FNTC Corporate Work Plan</u>	29
<u>FNTC Financial Plan</u>	33
Financial Performance FY 2007/2008 and FY 2008/2009	33
Financial Plan 2009/2010 TO 2013/2014	37



Executive Summary

The First Nations Tax Commission (FNTC) began operations in July 2007. It is the first statute-based Indigenous organization with federal law-approval authority. Its mission is to develop new financing tools, expand administrative capacities, and work with participating First Nations to develop a regulatory regime that is robust enough to attract infrastructure financing and private investment. The importance of this mission has been underlined by the recent uncertainty of financial markets.

The FNTC has delivered on its regulatory mission and becoming operational with rules of governance for the Commission, management policies for human resources and finance. With a budget last year of \$5.7 million, the FNTC has completed the development of:

- the FSMA property tax regulatory system;
- the FSMA annual rates and expenditure regulatory system;
- s. 83 property tax, assessment, rates and expenditure policies and by-laws that better reflect the FSMA framework and strengthen the First Nation property tax system; and
- most of the regulatory framework to support the First Nations Finance Authority (FNFA) borrowing, including the calculation of borrowing capacity, the approval criteria for borrowing laws, and sample borrowing and borrowing agreement laws.

Since becoming operational in 2007, 51 First Nation governments have joined the FSMA regulatory framework. Fifteen percent of these First Nations Fiscal and Statistical Management Act (FSMA) First Nations are new to property taxation.

The FNTC recognizes that the most significant event in the 2009/2010 planning period is the global recession and its impact on Canada. On January 27th, 2009 the federal government released its budget plan to stimulate the Canadian economy during the economic downturn while avoiding a long term structural deficit.

The FNTC will support this government plan in two ways. First, the FNTC is available to help Canada distribute infrastructure funding to FSMA First Nations. The FNTC will assist in identifying those projects that can begin construction in the short-term and generate strong economic returns for the community. It will also assist First Nations in the preparation of their infrastructure development project plans. The FNTC is preparing to expand the number of courses offered through the Tulo Centre of Indigenous Economics so that more First Nation tax administrators will receive capital financing and planning training in the next fiscal year.

Second, as a contribution to avoiding a long term structural federal deficit, the FNTC is reducing its 2009/2010 budget by 5% from last year. This represents a 7% reduction in this years projected budget. To accomplish this, the FNTC is downsizing the national tax authority meeting, reducing projected education and dispute resolution budgets, and improving capacity to meet with First Nations more efficiently.

Despite this reduction, the FNTC will continue to operate the following six business lines to fulfill its mandate:

1. Corporate Services and *Gazette*
2. Policy Development
3. By-law, Law Review and Regulations
4. Education
5. Communications
6. Dispute Management

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

The FNTC will continue to work on special projects in the next fiscal year relating to improved First Nations land title certainty, expedited additions to reserve, the First Nations Goods and Service Tax and infrastructure for FSMA First Nations.

The FNTC's 2009/2010 Corporate Plan describes the strategies that the FNTC will establish in 2009/2010 to support First Nation local revenue systems. It also identifies external risks to the FNTC during the next fiscal year related to the recession and its impacts on taxpayers, First Nation tax authorities, and possible First Nation debentures and presents strategies to manage these risks. It presents objectives, strategies, and performance measures for each FNTC business line and an accountability framework consistent with Part 6 of the FSMA.

The table below summarizes the FNTC's financial performance and plan for the 2009/2010 fiscal year.

Figure 1. FNTC Financial Performance Summary and Plan for 2009/2010

FNTC FINANCIAL PERFORMANCE (FOR THE YEARS ENDING MARCH 31)			
	2007/08 Actual	2008/09 Forecast	2009/10 Plan
Revenue			
Government of Canada	\$4,909,006	\$5,738,000	\$5,477,327
Government of Canada - Special Initiatives	314,128	487,100	-
Other	116,381	27,371	26,000
	5,339,515	6,252,471	5,503,327
Expenses			
Commission Costs	574,304	859,570	817,782
Corporate Services	845,645	1,109,809	1,032,544
Gazette Operations	265,748	315,399	304,750
Policy Development	702,455	813,132	811,804
Education	344,699	421,945	484,316
Dispute Management	166,949	223,154	235,822
Communications	760,588	763,972	622,792
Law Review, By-law review and Regulations	899,316	1,158,390	1,193,518
Special Costs	465,522	100,000	-
Research Costs	314,128	487,100	-
	5,339,354	6,252,471	5,503,327
Net Surplus	\$161	\$-	\$-



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.

This mission is achieved by working with First Nations and stakeholders to:

- develop, implement, and enforce an appropriate regulatory framework;
- identify education needs and develop and offer programs to meet those needs;
- prevent and resolve disputes;
- building the institutional framework to support markets on First Nation lands;
- coordinate services to and with the three other institutions created by the *First Nations Fiscal and Statistical Management Act* (FSMA); and
- increase the First Nation tax base and address emerging issues through special initiatives.

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*.

Mandate

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

“29. The purposes of the Commission are to:

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

Structure

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

C.T. (Manny) Jules, Kamloops, BC (Chief Commissioner/CEO)

David Paul, Tobique, NB, (Deputy Chief Commissioner)

Dr. Céline Auclair, Gatineau, QC

Leslie Brochu, Kamloops, BC (Residential Property Taxpayer)

Lester Lafond, Saskatoon, SK

Ken Marsh, Okotoks, AB, (Utility Property Taxpayer)

William McCue, Georgina Island, ON

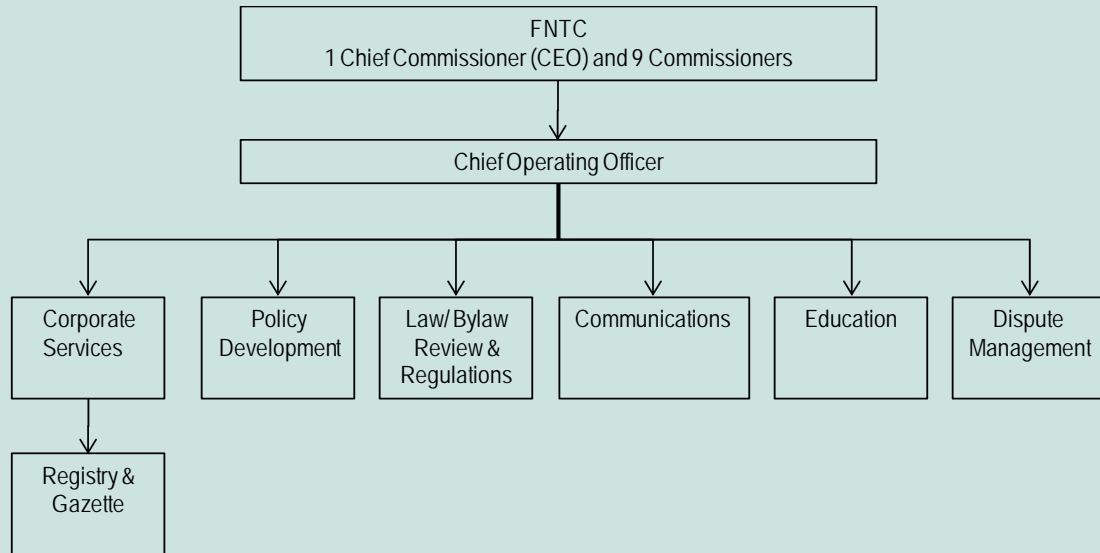
Terry Nicholas, Windermere, BC

Randy Price, North Vancouver, BC, (Commercial Property Taxpayer)

Ann Shaw, Chateaugay, QC

The FNTC maintains a Head Office on the reserve lands of the Kamloops Indian Band (s. 26 (1) FSMA) and an office in the National Capital Region (s. 26 (2) FSMA). The FNTC is supported by an allocation of twenty-one ftes comprised of staff and professionals with expertise related to the FNTC mandate who assist the FNTC on a contract basis.

The FNTC operates six business lines, as illustrated below.



Governance

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

- Executive Management Committee
- Management Committee
- Audit Committee
- S. 83 Rates Committee
- Education and First Nation Tax Administrators Association Committee
- International Relations Committee
- First Nations Gazette Editorial Board

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

Strategic Issues for Planning Period

Assessment of Previous Results

The FNTC has delivered on its regulatory mission. With a budget last year of \$5.7 million, the FNTC has completed the development of:

- the FSMA property tax regulatory system which includes law standards and sample property tax and assessment laws for BC, Alberta, Saskatchewan, Ontario and New Brunswick;
- FSMA registry procedures, approval process for First Nation laws and proclamation of the laws through the Gazette
- the FSMA annual rates and expenditure regulatory system, including expenditure and rates review standards, and sample laws;
- s. 83 property tax, assessment, rates and expenditure policies and by-laws that better reflect the FSMA framework and strengthen the First Nation property tax system; and
- the FNTC regulatory framework to support the First Nations Finance Authority (FNFA) borrowing, which includes the calculation of borrowing capacity, the approval criteria for borrowing laws, and sample borrowing and borrowing agreement laws.

Since July 2007, 51 First Nation governments have joined the FSMA regulatory framework. Fifteen percent of these FSMA First Nations are new to property taxation. The demand for implementing First Nation property tax is growing. In the last year, 30 additional First Nations have expressed an interest in developing an FSMA tax system.

“The FNTC is a major step forward for First Nation governments, enabling them to build property taxation systems, issue bonds and debentures, as well as to ensure transparency and accountability in much the same manner as municipal governments.”

Kamloops Daily News January 10, 2008

On May 15, 2008, the FNTC approved the Songhees First Nation property tax and assessment laws. This was the first time that an Indigenous institution had approved an Indigenous law. During its first year, the FNTC reviewed and approved 20 FSMA property and assessment laws. It also reviewed and approved 42 FSMA rates and expenditure laws. An additional 80 s. 83 by-laws were recommended for Ministerial approval.

There is a significant difference between building an economy and business development. Building an economy is a broader concept. The FNTC focuses on building the institutional framework to support markets as opposed to business development. Business development relates to encouraging First Nation-owned businesses and using their profits for First Nation public purposes. Building the institutional framework involves developing systems that make First Nation lands attractive places to do business, leaving profits to business, and using the resultant tax base to finance First Nation purposes. This requires different policy imperatives than business development. This requires development of a self-sustaining process that will outlast the success or failure of individual businesses. It requires a focus on good governance to attract investment. Building a market economy means a separation of business decisions from political decisions.

The FNTC has been successful in this vision. There are now 122 First Nation tax systems across Canada. These tax systems generate revenues of more than \$55 million a year. Since 1988, there has been over \$1.6 billion of new investment in tax-collecting First Nations. This has generated 10,000 direct jobs and another 10,000 indirect jobs.

The economic potential of First Nation lands is still largely untapped. The FNTC estimates that, if properly supported, First Nation tax administrations could generate \$3.8 billion in new investment over the next 15 years in British Columbia alone.

New challenges must be met if First Nations are to unlock this potential in the near to medium term. They must be assured that their tax jurisdiction is secure. They must work to create an attractive investment climate and must be able to use all the available tools for financing public infrastructure.

In the last year, the FNTC has completed four initiatives towards this end. First, with respect to infrastructure financing, it has developed draft sample laws and standards for development cost charges and local improvement laws. Second, it has created a borrowing-room-capacity calculation method based on industry standards for local governments. As a result, at full participation, First Nations tax authorities can access up to \$225 million of long-term infrastructure financing at current interest rates and property tax revenues.

Third, the FNTC is working diligently to develop new capacities within First Nations particularly through the Tulo Centre of Indigenous Economics (Tulo), the first centre of its kind. Together, they will work with First Nations to develop the skills required for tax administration, capital management, fiscal planning, and investment facilitation. In the last year, the FNTC, Tulo, and Thompson Rivers University (TRU) have created a 16-credit certificate program with eight courses in First Nation Tax Administration and an 18-credit certificate program with six courses in First Nations Applied Economics. The latter courses will expand First Nation capacity for land use and capital planning and management, and ensure improvement within fiscal and economic plans.

Finally, the FNTC and Indian and Northern Affairs Canada (INAC) continue to explore options for increased certainty of title on First Nation lands. This initiative will offer an option to assist First Nations in providing greater land title certainty to support a seamless integration into property markets and increase the stream of local revenues, including property taxes.

By March 31st 2009, the FNTC will complete all of the elements of its 2008/2009 work plan, as illustrated in the table below.

CORPORATE SERVICES	
Work Plan & Corporate Plan	Completed
Some Head Office Capital Improvements Planning	Completed
Performance Measure Evaluation	Completed
4 FNTC Meetings	Completed
Annual General Meeting	Completed
Manage Special Projects	Ongoing
Manage First Nations Gazette	Ongoing
Manage First Nation Support Programs	Ongoing
Human Resources, Management & Finance	Ongoing
Record Management and Registry	Ongoing
POLICY DEVELOPMENT	
5 law/review standards	Exceeded
5 other standards and procedures	Completed
4 s. 83 policies	Exceeded
7 policy discussion papers	Exceeded
3 projects under way with other institutions	Exceeded
BY-LAW/LAW REVIEW AND REGULATIONS	
Develop 5 sample laws	Exceeded
Convert 15 First Nations for FSMA	Completed
Review 80 by-laws	Completed
Review 60 FSMA laws	Completed
Identify legislative amendments	Ongoing
Monitor legal developments	Ongoing
EDUCATION	
Complete curriculum for 4 courses	Completed
4 courses accredited	Completed
9 courses delivered	Completed
Distance Learning Options report	Completed
Support to users of FNTC software	Ongoing
COMMUNICATIONS	
FNTC branding report	Completed
Coordinate national tax meeting with FNTAA	Completed
Legal Practitioners Conference	Completed
Annual Report	Completed
Redesign and manage website	Ongoing
Presentations	Ongoing
Official Languages Act requirements	Ongoing
DISPUTE RESOLUTION	
Activate roster of mediators	Completed
Training for roster of mediators	Completed
Respond to requests for facilitation	Ongoing
Implement s. 33 complaints process	Ongoing

Assessment of External Environment and Strategy

The current economic slowdown presents a more challenging environment for governments, First Nation tax authorities and taxpayers, as well as for the FNTC. The FNTC will need to develop policy responses to changes in provincial assessment and property tax systems in BC and Saskatchewan.

Economic Challenges

Economic conditions have deteriorated rapidly during the latter half of 2008. Ongoing problems with major financial institutions have resulted in significant loss of liquidity and tightening of credit. Declines in financial markets have led to significant loss of wealth. Canadian consumer confidence is at a 25-year low. The economic slowdown in the United States and other countries is reducing demand for Canadian exports. The prices of many commodities have also dropped sharply.

In its 2009 budget, the federal government is projecting a 1.2% decline in nominal GDP this year. The level of nominal GDP is expected to be at least \$43 billion lower in 2009 and \$50 billion lower in 2010 than anticipated in the 2008 federal budget. Nominal GDP is the broadest indicator of the tax base in Canada.

The Canadian housing market has entered a cyclical slowing of prices and activity. Based on dollar values, sales fell by 31% in 2008 according to MLS. Moreover, non-residential investment growth also slowed during 2008.

The municipal bond market has also been affected by the turmoil from international financial institutions and markets. Demand has dropped, especially from institutional investors, and liquidity concerns have led to demand being focused on the debt instruments with the highest credit ratings. Interest rate spreads are increasing despite reductions in central bank interest rates and deflationary expectations.

Government Response

For the federal government, current economic conditions mean reduced revenues from all types of taxation, and increased demands for program spending.

In the January 2009 budget, the federal government projected that revenues would be reduced by \$16.8 billion for this fiscal year. As a result, all departments have been instructed to manage spending carefully, including limiting spending in areas such as hospitality, travel, conferences, and professional services.

In response, new spending will target support for the economy and stimulation of economic growth. One of the federal government's immediate priorities is to accelerate infrastructure investments. Improved infrastructure reduces the costs of doing business and also increases economic activity and creates employment. In Budget 2009, the government announced an additional \$13 billion in infrastructure spending to add to its seven-year \$33-billion plan, released in 2007, to boost Canada's public infrastructure projects. Budget 2009 also announced over \$500 million in new infrastructure spending for Aboriginal communities and an additional \$200 million for Aboriginal training and education.

The FNTC can build on its relationships with FSMA First Nations that are ready to build infrastructure, which will assist in gaining optimum benefit from the federal infrastructure investment strategy. The FNTC partnership with the Tulo and TRU can be used to ensure that training and research programs maximize benefits to individuals and communities.

In addition to the federal budget, the economic crisis has also led to a number of changes to assessment practices and property taxation policies in British Columbia, Saskatchewan, and Ontario. This will mean additional work for the FNTC, including policy development, revisions to communications and educational curricula and materials, and a possible increased demand for dispute management services.

Implications for First Nation Tax Authorities and Taxpayers

First Nations lack significant economic infrastructure; there is great need for improvement. Since First Nation infrastructure has lagged behind the rest of Canada, improvements will generate superior returns and should be included as a major component of any new infrastructure program or initiative.

The economic slowdown will affect First Nation tax authorities. They will simultaneously experience reduced tax revenues, owing to declines in assessed values and possible commercial and industrial closures, and increased demand for spending. Increased collection and enforcement activities will likely be required. Less new development is occurring, and new development that does occur is proceeding at a slower pace. There may be increased interest from First Nations in property taxation or possibly the First Nations Goods and Services Tax (FNGST) as First Nation governments search for additional revenue sources.

Taxpayers are also affected by the economic slowdown. They are experiencing reductions in wealth and income, and increased uncertainty about the future stability of their employment and investments. This results in reduced ability to pay property taxes and increased opposition to property tax increases, which may lead to an increase in disputes.

Possible Implications for First Nations Finance Authority Debentures

The FNTC has completed all of its own elements required to support a First Nations Finance Authority (FNFA) debenture. These include:

- standards for calculating borrowing capacity;
- standards for review of borrowing laws;
- standards for review of borrowing agreement laws; and
- a sample borrowing law and a sample borrowing agreement law.

The FNTC is ready to support an FNFA debenture as per its commitment in its 2008/2009 Corporate Plan. However, it is difficult to know how credit rating agencies will view a potential FNFA debenture in 2009/2010. On one hand, they may be impressed with how the FSMA regulatory system protects bondholders and promotes economic growth. On the other hand, they are unfamiliar with First Nation local revenue systems, and there may be uncertainty in the near term, about the revenue stability of property taxes and other local revenues.

FNTC Response

The FNTC will provide policy support to those First Nations whose property tax base has been impacted by the economic downturn. It will respond to changes in demand for services, such as dispute management, education, and Tulo courses, as needed, and will react to emerging issues as they arise. It is also preparing for fewer FNFA debenture issues than had previously been anticipated. In the short term, the FNTC will assist First Nations in identifying infrastructure needs and recognizing the work that is required to initiate priority projects.

The FNTC will also support First Nations in expanding their fiscal revenue options by implementing property taxation through s. 83 or the FSMA, moving from s. 83 property taxation to FSMA property taxation, or implementing FNGST.

The FNTC is well positioned to support the distribution of additional infrastructure funding to FSMA First Nations. The FNTC can assist in identifying those projects that can begin construction in the short-term and generate strong economic returns for the community. It will also assist First Nations in the preparation of their infrastructure development project plans. The FNTC is preparing to expand the number of courses offered through the Tulo Centre of Indigenous Economics so that more First Nation tax administrators will receive capital financing and planning training in the next fiscal year.

In response to the current economic situation and the objectives of the federal government, the FNTC is reducing its budget by 5% from last year. This represents a 7% reduction in this year's projected budget. To accomplish this, the FNTC is downsizing the national tax authority meeting, reducing education and dispute resolution budgets, and improving capacity to meet with First Nations more efficiently.

External Risks and Strategies

Analysis of 2008/2009 Risk Management Strategy

The FNTC identified the following risks and strategies for 2008/2009.

Changes in Demand for FNTC Services

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

Strategies: To reallocate resources as needed, including additional Commissioner time, and to implement additional support programs and sample laws as needed.

Assessment: The FNTC was successful in meeting its service demands, and allocating resources as needed.

Program Delays and Funding Uncertainty

Risks: The infrastructure program may be delayed; the FNTC role in FNGST was uncertain; and funding for improving land title certainty was not yet secure.

Strategies: Strategies included working with the First Nation Infrastructure Program (FNIP); allocating resources to help FSMA First Nations access the FNIP; including funding requirements for special projects identified in the Corporate Plan; and, allocating resources to support special projects such as FNGST as needed.

Assessment: Funding was received for improving land title certainty and an important policy change was made by the Canada Mortgage and Housing Corporation (CMHC) with respect to ministerial loan guarantee requirements on leasehold lands. Work on these and the other projects is ongoing.

Length of Time for FSMA Law Conversions

Risks: The amount of time that First Nations took to convert their laws to comply with the FSMA framework could affect FNTC operations and the stability of the First Nation property tax system. This risk applied to converting both the overarching property tax and assessment laws, and the annual rates and expenditure laws.

Strategies: Strategies included providing sample laws to First Nations; allocating resources and staff to work with Scheduled First Nations; developing a specialized spreadsheet program for rates and expenditure laws; and implementing an FSMA law conversion program for Scheduled First Nations.

Assessment: First Nations were successful in completing their FSMA law conversions. In 2008/2009, 100% of the FSMA Scheduled First Nations previously collecting property tax under s. 83 of the *Indian Act* were able to implement their rates and expenditure laws. In this regard, the FNTC rates and expenditure spreadsheet proved to be an effective risk management strategy. Delay occurred, however, for property and assessment laws owing to local approval processes and/or ensuring compliance with s. 6 notice requirements. The FNTC is taking steps to reduce the delays during 2009/2010. Another 10 conversions are anticipated for 2009/2010.

2009/2010 Risk Management Strategy

The FNTC has identified the following new and continuing risks for 2009/2010 and developed strategies to manage these risks

Changes in Demand for FNTC Services

Risks: The demand for FNTC services could be greater or lesser than anticipated. This includes demand for

- Policy development, including responses to emerging issues associated with the economic slowdown or changes to provincial property taxation and assessment
- FSMA law review and s. 141 regulation development
- Dispute management and s.33 complaint reviews
- Meetings and communications with First Nations and others
- Support for infrastructure-related initiatives such as CN Rail and Manitoba ATR
- FNGST support
- Certificate in First Nation Public Administration – Taxation and other courses offered through Tulo and online through the Open Learning Agency
- FSMA laws for DCCs, taxation of business activities, and provision of local services
- First Nations joining or withdrawing from the Schedule
- Institutional coordination projects and support from other FSMA institutions

Risk Management Strategies: Strategies include reallocating resources as needed, including additional commissioner time, and implementing additional support programs and sample laws as needed. The FNTC is also working with groups of First Nations, such as Tribal Councils, regional groups, treaty land entitlement representatives or professional associations with similar needs where possible, as opposed to individual First Nations. The group approach reduces costs and creates internal support and potential mentor systems.

Program Delays

Risks: FSMA First Nations may have difficulty accessing the FNIP and funding for FNTC participation in improving land title certainty. The FNGST and other projects may be delayed or uncertain.

Risk Management Strategies: Strategies include working with the FNIP; allocating resources to help FSMA First Nations access the FNIP, including funding requirements for special projects in the Corporate Plan; and allocating resources to support special projects such as FNGST. The FNTC will continue to seek a grant funding authority in 2009/2010 to provide greater transparency and certainty over the five-year planning period.

Risks to First Nation Debentures from the Economic Slowdown

Risks: In the current economic environment, the financial markets may not be disposed to purchase First Nation debentures from the FNFA or may only be able to sell First Nation debentures at significantly higher interest rates.

Risk Management Strategies: Strategies include adjusting resource levels to support fewer borrowings and FSMA conversions, and working with FNFA to clarify its communications.

Risks from Declining Land Values

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

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

A ssessment of Corporate Resources

2008/2009 marked the first full fiscal year of operations for the FNTC. The year brought many successes in different aspects of regulating and developing the First Nation property tax system.

The financial plan describes the level of financial resources that the FNTC will require in 2009/2010. This plan anticipates the following additional demand for services:

- Presentations and community meetings for First Nations regarding property taxation and law or by-law development
- Meetings for Commissioners to review First Nation laws and by-laws
- Policy development, communication and dispute management services related to property assessment and taxation changes in British Columbia and Ontario
- Infrastructure planning support, related education programs, and law development support to assist FSMA First Nations in receiving funding for their infrastructure projects as part of the federal government's plan to provide a fiscal stimulus during the current economic slowdown
- Meetings and communications with First Nations that have CNR interests from Prince Rupert to the Manitoba/Minnesota border, to ensure that they can participate in the benefits of the Prince Rupert Port expansion
- Meetings and communications with Manitoba First Nations to expedite Additions to Reserve (ATR)
- Meetings and communications with Finance Canada and First Nations interested in the FNGST

The FNTC is now operating its National Capital Region office in a new location. Initial leasehold improvements to the Head Office for additional office space, improved information technology, and record systems have been made. The long-term lease of the office building, a former residential school, is in development in partnership with the Shuswap Nation Tribal Council. Once the capital plan is completed, the FNTC will seek specific one-time capital funding for Head Office renovations, based on engineering and architectural assessments, separate from its ongoing operational requirements.

S. 83 Services

In 2009/2010, the FNTC 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 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 an 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
 Commission 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

Objectives, strategies, and performance measures have been identified for each FNTC business line.

Corporate Services

To create an effective work environment for the other service areas, the objective of Corporate Services is to operate the FNTC 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 Commission undertakes.

2008/2009 Results

OBJECTIVE	PROGRESS	DETAILS
Work Plan Corporate Plan	Completed	<ul style="list-style-type: none"> • Work plan/budget approved • Corporate plan submitted
Initial Head Office Capital Improvements & Planning	Completed	<ul style="list-style-type: none"> • Capital plan approved • Head Office improvements completed
Performance Measure Evaluation	Completed	<ul style="list-style-type: none"> • Final Report approved
4 FNTC Meetings	Completed	<ul style="list-style-type: none"> • Meetings held in July, September, December and March
Annual General Meeting	Completed	<ul style="list-style-type: none"> • AGM held in September 2008 at Head Office
Manage Special Projects	Ongoing	<ul style="list-style-type: none"> • Land Title Recognition – Phase 3 started • ATR – Pilot project with Manitoba First Nation • Housing – CMHC Ministerial Loan Guarantee policy change • FNGST – Proposal to Finance Canada • CNR Taxation Review
Manage and Produce Gazette	Ongoing	<ul style="list-style-type: none"> • Gazette published in June, October & January
Manage First Nation Support Programs	Ongoing	<ul style="list-style-type: none"> • Support provided to 14 FSMA First Nations • Development support to 35 First Nations interested in the FSMA
Human Resources, Management & Finance	Ongoing	<ul style="list-style-type: none"> • HRM plan implemented
Record Management and Registry	Ongoing	<ul style="list-style-type: none"> • Records classification and management system implemented

2009/2010 Strategies and Activities

Corporate Plan – Complete the corporate work plan for review by January 2010.

Capital Plan Implementation – Continue to implement the capital plan for the Head Office throughout the 2009/2010 fiscal year.

Evaluation System – Corporate Services will prepare an interim performance measures evaluation report as per Treasury Board requirements by January 2010.

FNTC Meetings – Hold three commission meetings and six commission meetings for law review meetings during the next fiscal year.

Facilities Management – Service and maintain the Head Office and National Capital Region Office and IT infrastructure.

FNTC Administrative Management – Provide overall management and support services to the Commission and its operations.

Access to Information and Privacy (ATIP) – Meet ATIP requirements.

Official Languages Act (OLA) - Meet OLA requirements.

Committee Support – Provide support to the FNTC audit, executive management, 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.

First Nation Support Program – Continue to operate and manage the FSMA First Nation support program, as per FNTC policy, so that another 10 First Nations can convert their s. 83 by-laws to FSMA laws.

Special Projects:

- Land Title Recognition- The FNTC and Indian and Northern Affairs Canada (INAC) will continue to explore options for increased certainty of title on First Nations lands.
- FNGST –Continue to work with Canada to implement FNGST systems for interested First Nations.
- Infrastructure – Work with Canada as requested to assist in providing resources to FSMA First Nation infrastructure projects.
- Additions to Reserve (ATRs) – Work on pilot project with Manitoba First Nations to determine the extent that FNTC services related to property tax powers, economic planning and service agreements help to expedite their ATR process.
- Canada National Railway (CNR) – Work with First Nations and CN along the CN Rail corridor from Prince Rupert to Manitoba to develop a regulation similar to the CP Rail regulation, in order to provide property tax certainty and help realize economic benefits related to expansion of the Port of Prince Rupert.
- Local Revenue Framework Research – Conduct research on topics that support the fiscal framework within which local revenue laws are made.

2009/2010 Performance Measures

- Hold Annual General Meeting
- Produce and approve Annual Corporate Plan, work plan, and budget
- Produce performance measures evaluation report
- Hold three general meetings and six law review meetings
- Publish First Nations Gazette
- Provide law conversion support to 10 First Nations
- Manage Special 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.

2008/2009 Results

OBJECTIVE	PROGRESS	DETAILS
5 law standards	Exceeded	<ul style="list-style-type: none"> • DCCs • Borrowing Law • Borrowing Agreement Law • Saskatchewan Property Tax • Saskatchewan Assessment • Ontario Property Tax • Ontario Assessment • Alberta Property Tax • Alberta Assessment Amendments to property tax law, assessment, rates and expenditures standards based on experience
5 other standards and procedures	Completed	<ul style="list-style-type: none"> • Submission of information required under s. 8 of the FSMA • Approval criteria for borrowing laws • First Nation law publication requirements (procedure) • First Nation law registry (Standard Operating Procedure) • Procedures for the submission & approval of FSMA laws
4 s. 83 policies	Exceeded	<ul style="list-style-type: none"> • Amendments to property tax, assessment, rates and expenditure by-law policies • Revision of local improvement charge by-laws policy

OBJECTIVE	PROGRESS	DETAILS
7 policy discussion papers	Exceeded	<ul style="list-style-type: none"> • Hotel taxes • Business taxes in Manitoba • FNTC-initiated reviews • Options for removal from the FSMA Schedule • Taxpayer notification • Non-band participation in the FSMA through s. 141 regulations • BC Assessment freeze impact on First Nations • Saskatchewan school tax adjustment impact on First Nations • Public input process for FNTC standards, procedures and policies • Develop policy for Gazette publication of non-FSMA laws
3 projects under way with other institutions	Exceeded	<ul style="list-style-type: none"> • FNTC standards for the financial management by-law • MOU with FSMA institutions • Education - capacity development (FMB at Tulo) • Coordination procedure for s. 33 intervention orders with the FMB • Borrowing Law approval criteria with the FNFA • Borrowing Agreement Law with FNFA

2009/2010 Strategies and Activities

- Law review standards – Develop and seek public input on standards relating to taxpayer relations, delegation of authority, property and assessment laws in Quebec and Nova Scotia, and taxation for the provision of services.
- S. 83 policies –Undertake an annual policy review and seek input on updated s. 83 policies relating to local improvement charges, taxpayer relations, and dispute prevention.
- Policies in process – Continue the policy development processes for taxes on business activities, FNTC-initiated reviews, opting out of the FSMA, FSMA infrastructure and dispute prevention; begin the policy development process for the provincial portion of property taxation and federal own-source revenue policy.
- Projects with other institutions –Complete projects relating to developing local revenue accounts for FSMA First Nations and local revenue audit project with the Financial Management Board (FMB); initiate the borrowing process project with FMB and FNFA, and the joint s. 83 financial management by-law review project with the FMB.

2009/2010 Performance Measures

- Approve seven standards
- Receive input regarding three s. 83 policies
- Six policies in process
- Complete two projects with other institutions
- Identify and begin two new projects with other institutions

Law/By-law Review and Regulations

The objective of the Law/By-law Review and Regulations is to ensure the integrity of the First Nations real property taxation system and promote a common approach to First Nations real property taxation nationwide, having regard to variations in provincial real property taxation systems. This is accomplished by approving laws that comply with the FSMA and the associated regulatory framework, and by providing support, such as sample laws, to First Nations in the law development process.

2008/2009 Results

OBJECTIVE	PROGRESS	DETAILS
Develop 5 sample laws	Exceeded	<ul style="list-style-type: none"> • DCC Laws • Borrowing Law • Borrowing Agreement Law • Sample provincial property tax and assessment laws for New Brunswick, Ontario, Saskatchewan, British Columbia and Alberta • One taxation of business activities law
15 First Nations pass FSMA laws	Completed	<ul style="list-style-type: none"> • 15 First Nations pass FSMA laws
Review 80 by-laws	Completed	<ul style="list-style-type: none"> • 80 by-laws reviewed
Review 60 FSMA laws	Completed	<ul style="list-style-type: none"> • 60 FSMA laws reviewed
Identify legislative amendments	Ongoing	
Monitor legal developments	Ongoing	<ul style="list-style-type: none"> • Review and analysis of court decisions

2009/2010 Strategies and Activities

Sample laws – Complete sample laws for taxpayer relations, delegation to a third party, taxation for the provision of services and assessment, and property tax laws for Quebec and Nova Scotia.

First Nation by-law conversions – Assist 10 additional First Nations pass FSMA laws.

FSMA laws reviewed - Provide at least 70 reviews of FSMA rates, expenditures, property taxation, DCCs, or assessment laws to the FNTC for their consideration.

By-laws reviewed – Provide at least 50 reviews of s. 83 rates, expenditure, property taxation, or assessment laws and provide recommendations to the Minister of INAC.

Section 33 complaint reviews – Ensure that the s. 33 complaints process is responsive and operational if it is required during the corporate plan period.

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

Regulations – Work with Canada, as required, to develop s. 141 regulations to ensure that First Nations that are subject to self-government agreements, treaties or land claims settlements could use the services of the FSMA.

2009/2010 Performance Measures

- Produce seven sample laws
- Assist 10 additional First Nations to pass FSMA laws
- Review 70 FSMA laws
- Review 50 by-laws
- S. 33 operational

Communications

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

2008/2009 Results

OBJECTIVE	PROGRESS	DETAILS
FNTC branding report	Completed	Report approved and implementation under way
Coordinate national tax meeting with FNTAA	Completed	FNTAA meeting held in September in Osoyoos
Legal Practitioners Conference	Completed	Conference held in March
Annual Report	Completed	Annual Report published in July 2008
Redesign and manage website	Ongoing	New website uploaded and updated regularly
Presentations	Ongoing	43 FNTC presentations made
Official Languages Act requirements	Ongoing	OLA requirements met
Newsletter	Completed	Clearing the Path issued in July, November, January, and March

2009/2010 Strategies and Activities

CNR Meeting – Coordinate a meeting with CNR and interested First Nations along the CNR corridor to discuss economic opportunities arising from the expansion of the Port of Prince Rupert.

Annual Report – Prepare the FNTC Annual Report within 120 days of March 31, 2009.

Annual Meeting – Coordinate and develop materials for the FNTC annual meeting scheduled for October 2009.

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

Video – Develop a video about the history and vision of the FNTC for use in presentations and providing support to the education business line.

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

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

2009/2010 Performance Measures

- Prepare Annual Report
- Hold Annual Meeting
- Hold CNR meeting
- Update and maintain website
- Develop presentations
- Develop video about history and vision of FNTC
- Compliance with official language obligations

Education

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

FNTC education activities are undertaken through a contract with the Tulo Centre of Indigenous Economics and Thompson Rivers University (TRU). The partnership between Tulo, TRU, and FNTC is intended to provide students with an understanding of how to provide administrative and legal certainty as well as quality infrastructure to facilitate investment on First Nation lands.

The Certificate in Applied First Nation Economics was accredited in 2007/2008. Tulo offers a Certificate in First Nation Tax Administration and is working with TRU on a Diploma in First Nation Public Administration.

2008/2009 Results

OBJECTIVE	PROGRESS	DETAILS
Complete curriculum for 4 courses	Completed	Introduction to First Nation Taxation Assessment and Assessment Appeal Budget-Based Tax Rate Setting DCCs
4 courses accredited	Completed	Introduction to First Nations Economics Introduction to First Nation Taxation Commercial and Residential Development on First Nations lands First Nation Investment Facilitation
9 courses delivered	Completed	Budget-Based Tax Rate Short Course (4 sessions) Introduction to First Nation Taxation (2 sessions) Assessment and Assessment Appeal (2 sessions) Expenditure and Tax Rates
Distance Learning Options Report	Completed	Distance Learning Options Report completed and approved
Support to users of FNTC software	Ongoing	Updates to CLASS & Service Agreement Software Software Development - TAS

2009/2010 Education Strategies and Activities

Curriculum for all Tax Administration Certificate Courses Complete – Work with Tulo and TRU to complete the curriculum for the Communications and Taxpayer Relations, DCCs, Service Agreements and Capital Financing and Debenture courses.

Tax Administrator’s Certificate Accredited – Work with Tulo and TRU to accredit all eight courses and the Certificate in First Nation Tax Administration.

Online Courses – Work with Tulo and the Open Learning Agency at TRU to develop and implement two online courses for the Certificate in First Nation Tax Administration.

Course Delivery – Deliver nine certificate courses to First Nation tax administrators either as one-week intensive courses or online.

2009/2010 Performance Measures

- Develop four course curricula
- Accreditation for Tax Administrator’s Certificate
- Develop two online courses
- Deliver nine courses

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 (s.29(c)).

2008/2009 Results

OBJECTIVE	PROGRESS	DETAILS
Activate roster of mediators	Completed	Roster of mediators operational
Training for roster of mediators	Completed	Training to support roster of mediators - with National Energy Board
Respond to requests for facilitation	Ongoing	4 disputes facilitated
Implement s. 33 complaints process	Completed	S. 33 complaints process operational

2009/2010 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.

2009/2010 Performance Measures

- Roster of mediators maintained
- Facilitation of dispute resolution provided on request

2009/2010 FNTC Corporate Work Plan

BUSINESS LINE	OBJECTIVE	ACTIVITIES
CORPORATE SERVICES Objective: Operate the FNTC in keeping with the FSMA Part 2, Part 6, and the Corporate Plan, in order to create an effective work environment for the other service areas.	Corporate Plan, work plan	Corporate Plan & work plan completed for review
	Implement HO capital plan	Continue implementation of capital plan
	Manage reporting evaluation system	Prepare a performance measures evaluation report as per Treasury Board requirements
	3 general FNTC meetings	Hold 3 general meetings
	6 law review meetings	Hold 6 Law review meetings
	Manage 5 special projects	1. Land Title Recognition 2. FNGST – Continue to work with Canada to implement FNGST systems for interested First Nations 3. Infrastructure – Work with Canada if requested to flow resources to FSMA First Nation infrastructure projects. 4. ATRs – Work on pilot project with Manitoba First Nations to determine extent that FNTC services related to property tax powers, economic planning and service agreements expedite their ATR process. 5. CNR – Work with First Nations and CN Rail along CN Rail corridor from Prince Rupert to the Manitoba-Minnesota border to help realize economic benefits related to expansion of the Port of Prince Rupert
	Manage Gazette	Manage the First Nation Gazette
	Manage First Nation Support Program	Operate and manage the FSMA First Nation support program to enable another 10 First Nations to implement FSMA

<p>POLICY DEVELOPMENT</p> <p>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.</p>	7 law review standards	<p>Develop and seek public input on</p> <ul style="list-style-type: none"> • law review standards; • taxpayer relations; • delegation of authority; • property tax and assessment laws in Quebec and New Brunswick; and • taxation for the provision of services.
	Update 3 s. 83 policies	Seek public input on updated s. 83 policies relating to local improvement charges, taxpayer relations and dispute prevention
	6 other policies in process	<p>Continue the policy development processes for:</p> <ul style="list-style-type: none"> • taxes on business activities; • FNTC initiated reviews; • opting out of the FSMA; • FSMA infrastructure; and • dispute prevention. <p>Begin the policy development process for:</p> <ul style="list-style-type: none"> • provincial portion of property taxation; and • federal own-source revenue policy.
	2 projects completed with other institutions	<ol style="list-style-type: none"> 1. Develop local revenues accounts for FSMA First Nations 2. Local revenue audit project with the FMB
	2 new projects with other institutions	<ol style="list-style-type: none"> 1. Borrowing process project with FMB and FNFA 2. Joint s. 83 financial management by-law review project with the FMB

<p>BY-LAW/LAW REVIEW AND REGULATIONS</p> <p>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.</p>	7 sample laws developed	<p>Sample laws for:</p> <ul style="list-style-type: none"> taxpayer relations; delegation of authority; taxation for the provision of services; and assessment and property tax laws for Quebec and Nova Scotia
	10 First Nations to pass FSMA laws	Assist 10 additional First Nations to pass FSMA laws
	70 FSMA laws reviewed	Provide at least 70 reviews of FSMA rates, expenditures, DCC, borrowing, property taxation or assessment laws.
	50 by-laws reviewed	Provide at least 50 reviews of s. 83 rates, expenditure, property taxation or assessment laws to the FNTC and recommend or not recommend to the Minister of Indian Affairs.
	s. 33 complaints process operational if required	Ensure that the s. 33 complaints process is responsive and operational if it is required.
	Legislative amendment work	Work with Canada to implement legislative amendments.
	s. 141 regulations development	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 agreements can use the services of the FSMA.
<p>EDUCATION</p> <p>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)).</p>	Curriculum for First Nation Tax Admin Certificate completed	<p>Work with Tulo/TRU to complete the curriculum for courses:</p> <ul style="list-style-type: none"> Communications and Taxpayer Relations DCCs Service Agreements Capital Financing and Debenture
	First Nation Tax Admin certificate accredited	Accreditation for Certificate in First Nation Tax Administration.
	2 online courses implemented	Work with Tulo and the Open Learning Agency at TRU to develop and implement 2 online courses
	9 courses delivered	Deliver 9 courses in the Certificate in First Nation Tax Administration either as one-week intensive courses or online.

<p>COMMUNICATIONS</p> <p>Objective: Promote the understanding of the First Nation real property taxation system (s.29 (h)).</p>	Coordinate CNR meeting	Coordinate a meeting between interested First Nations along the CNR corridor and CNR to discuss economic opportunities arising from the expansion of the Port of Prince Rupert.
	Annual Report	Prepare the FNTC Annual Report.
	Annual Meeting	Coordinate and develop materials for the FNTC annual meeting of stakeholders.
	Manage website	Continue to update the FNTC website.
	Presentations	Develop presentation materials for interested parties
	Video	Develop a video about the history and vision of the FNTC.
	Official Languages Act	Ensure that the FNTC meets its Official Languages Act requirements.
<p>DISPUTE MANAGEMENT</p> <p>Objective: Prevent disputes or provide for the timely resolution of disputes in relation to the application of local revenue laws (s. 29(c)).</p>	Maintain roster of mediators	Maintain the number of available, qualified mediators and provide training, if required.
	Respond to requests for facilitation	Continue to respond to requests for facilitation.

FNTC Financial Plan

This section presents the FY 2009/2010 to FY 2013/2014 financial plans for the FNTC and an overview of the current financial performance for the Commission.

Financial Performance FY 2007/2008 and FY 2008/2009

The FNTC concluded its most recent fiscal year (FY 2007/2008) with a net surplus of \$161. Financial assets at that time totaled \$1,804,062 and liabilities totaled \$1,816,403. The FNTC's non-financial assets consisted of prepaid expenses and capital assets. The FNTC's capital assets consist solely of furniture, computer equipment, and leasehold improvements. The Commission does not own real property and does not carry debt. The Commission has, over the last fiscal year, operated within 0% -1% of its planned budget for expenditures.

Below is an overview of the FNTC's actual performance for the FY 2007/2008 against its plan and its projected performance for the FY 2008/2009 against its plan with an explanation of significant variances.

FNTC Statement of Operations - Financial Performance FY 2007/2008 and FY 2008/2009

STATEMENT OF OPERATIONS (IN \$'S)				
	2007/08 Budget	2007/08 Actual	2008/09 Budget	2008/09 Forecast
Revenue				
Government of Canada	\$4,909,006	\$4,909,006	\$5,738,000	\$5,738,000
Government of Canada - Special Initiatives	-	314,128	-	487,100
Other	-	116,381	26,000	27,371
	4,909,006	5,339,515	5,764,000	6,252,471
Expenses				
Commission Costs	556,292	574,304	878,539	859,570
Corporate Services	736,498	845,645	1,077,906	1,109,809
Gazette Operations	263,835	265,748	322,546	315,399
Policy Development	787,229	702,455	847,351	813,132
Education	356,735	344,699	386,200	421,945
Dispute Management	161,918	166,949	260,246	223,154
Communications	738,724	760,588	729,930	763,972
Law Review, By-law review & Regulations	878,375	899,316	1,161,282	1,158,390
Special Costs	429,400	465,522	100,000	100,000
Research Costs	-	314,128		487,100
	4,909,006	5,339,354	5,764,000	6,252,471
Net Surplus	\$-	\$161	\$-	\$-

FNTC Statement of Financial Position - Financial Performance FY 2007/2008 and FY 2008/2009

STATEMENT OF FINANCIAL POSITION (IN \$S)		
	2007-2008 Actual	2008-2009 Forecast
Financial Assets		
Cash	\$1,247,291	\$881,777
Accounts receivable	556,771	155,627
	1,804,062	1,037,404
Liabilities		
Accounts payable	812,876	800,243
Contracts payable	1,003,527	250,000
	1,816,403	1,050,243
Net Debt	(12,341)	(12,839)
Non-Financial assets		
Prepaid expenses	12,502	13,000
Capital assets	597,029	637,623
	609,531	650,623
Net Position	\$597,190	\$637,784
Surplus and Equity		
Equity in capital assets	\$597,029	\$637,623
Unrestricted surplus	161	161
Net Position	\$597,190	\$637,784

FNTC Statement of Cash Flows - Financial Performance FY 2007/2008 and FY 2008/2009

STATEMENT OF CASH FLOWS (IN \$'S)		
	2007-2008 Actual	2008-2009 Forecast
Operating Activities		
Cash receipts from various sources	\$4,700,847	\$6,653,615
Cash paid to employees and suppliers	(3,535,454)	(7,019,129)
Cash transferred in upon inception	755,129	-
Cash flows from operating activities	1,920,522	(365,514)
Investing Activities		
Purchase of capital assets	(673,231)	-
Net increase in cash during the year	1,247,291	(365,514)
Cash, beginning of the year	-	1,247,291
Cash, end of the year	1,247,291	\$881,777
Significant non-cash transactions		
Operating activities		
Working capital assumed on inception		
Accounts receivable	\$244,475	\$-
Prepays	1,980	-
Accounts payable	(1,001,584)	-
Investing activities		
Capital additions from non-cash transactions	\$78,225	\$-

FY 2007/2008 Budget vs. FY 2007/2008 Actual and 2008/2009 Budget vs. FY 2008/2009 Forecast

Revenues FY 2007/2008 Actual

Revenues for FY 2007/2008 were \$5.34 million, \$440 thousand over a budgeted plan of \$4.9 million. A significant portion of this variance is a result of two special research projects undertaken by the FNTC during the FY 2007/2008. Additional funding of \$314 thousand was received from Canada to undertake special research on the development of a First Nation Land Title system and to undertake research on Own Source Revenues for First Nations. This revenue was not budgeted for at the beginning of the planning period. In addition to this additional funding from Canada, the FNTC earned other income of \$38 thousand from bank interest and Gazette sales and recorded a contribution of capital assets from the ITAB to the FNTC of \$78 thousand.

Expenses FY 2007/08 Actual

Expenses for FY 2007/2008 were \$5.34 million, \$440 thousand over budgeted expenditures of \$4.9 million.

Special research costs of \$314 thousand undertaken by the Commission in 2007/2008 represent a significant portion of this budget variance. Corporate Services costs were over budget due to the recognition of \$78 thousand in assets which were transferred from the ITAB to the FNTC. Both of these expenditures variances were offset by additional revenues received or recognized in the year.

Capital Expenditures FY 2007/2008 Actual

Capital expenditures during the FY 2007/2008 are related to information technology related equipment including servers and lifecycle replacement of desktop computer and laptops as well as leasehold improvements and furniture for the new eastern office in the NCR and expansion of the Head Office.

Revenues FY 2008/2009 Forecast

FY 2008/09 is the first full year of operations for the FNTC with FY 2007/2008 covering nine months of operations from July 1, 2007 to March 31, 2008. Revenues for FY 2008/2009 are forecast to be \$6.25 million, \$490 thousand over a budgeted plan of \$5.76 million. The forecasted variance is a result of additional funding of \$490 thousand from Canada for land title research projects.

Expenses FY 2008/2009 Forecast

Expenses for FY 2008/2009 are forecast to be \$6.25 million with no deficit or surplus for the year. Education costs are forecast to be over budget and will be offset by lower than anticipated dispute resolution costs for the year. No other significant variances in program categories are forecast for 2008/2009.

Capital Expenditures FY 2008/2009 Forecast

Capital expenditures forecast during the FY 2008/2009 are related to information technology related equipment including lifecycle replacement of desktop computer and laptops as well as furniture additions.

Financial Plan 2009/2010 TO 2013/2014

The proposed budget for the FNTC for FY 2009/2010 is balanced, and has revenues and expenditures set at \$5.5 million. The plan includes revenue from the Government of Canada for its core activities of \$5.48 million, a decrease of 4.5% from FY 2008/2009, and \$26 thousand in revenue from other sources. This reduction is in support of the government's stated objective to avoid long term structural deficits resulting from the current economic downturn.

During the next fiscal year the FNTC also intends to explore options for establishing a dispute management reserve fund. This is required because the costs associated with disputes and the s. 33 complaints review process can be very high but the demand for these services is unpredictable.

The table below contains the financial plan for the FNTC for FY 2009/2010 to FY 2013/2014. The following assumptions have been made in the preparation of the 2009/2010 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 2009/10, and best estimates of management for the cost of activities under each business line.
2. The financial plans for the periods FY 2009/2010 to FY 2013/2014 cover the 12-month periods ending March 31.
3. No provision has been made for an increase in Commissioner remuneration for 2009/2010 as these rates are 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 interest revenue and revenue from the sale of the First Nations Gazette.
6. Government holdbacks totaling 10% of annual funding is assumed to be released as follows: 75% prior to the fiscal year end and 25% subsequent to the FY.

FNTC Statement of Operations - Financial Plan 2009/2010 TO 2013/2014

STATEMENT OF OPERATIONS (IN \$'S)					
	2009-2010 Plan	2010-2011 Plan	2011-2012 Plan	2012-2013 Plan	2013-2014 Plan
Revenue					
Government of Canada	\$5,477,326	\$5,715,998	\$5,716,812	\$5,738,395	\$5,743,590
Government of Canada - Special Initiatives	-	-	-	-	-
Other	26,000	26,000	26,000	26,000	26,000
	5,503,326	5,741,998	5,742,812	5,764,395	5,769,590
Expenses					
Commission Costs	817,781	837,233	849,954	862,993	876,353
Corporate Services	1,032,544	1,088,281	1,109,662	1,105,973	1,113,946
Gazette Operations	304,750	311,869	319,165	326,645	334,311
Policy Development	811,804	871,105	867,139	888,700	910,783
Education	484,316	531,650	544,317	557,300	557,830
Dispute Management	235,822	237,061	248,078	247,233	253,029
Communications	622,792	645,143	657,616	661,787	665,547
Law Review, By-law review & Regulations	1,193,518	1,219,654	1,146,881	1,113,765	1,057,791
Special Costs	-	-	-	-	-
Research Costs	-	-	-	-	-
	5,503,326	5,741,998	5,742,812	5,764,395	5,769,590
Net Surplus	\$0	\$-	\$-	\$-	\$-

FNTC Statement of Financial Position - Financial Plan 2009/2010 TO 2013/2014

STATEMENT OF FINANCIAL POSITION (IN \$)					
	2009-2010 Plan	2010-2011 Plan	2011-2012 Plan	2012-2013 Plan	2013-2014 Plan
Financial Assets					
Cash	\$910,152	\$924,359	\$945,016	\$965,671	\$987,265
Accounts receivable	146,933	152,900	152,920	153,459	153,590
	1,057,085	1,077,259	1,097,936	1,119,130	1,140,855
Liabilities					
Accounts payable	820,249	840,756	861,775	883,319	905,402
Contracts payable	250,000	250,000	250,000	250,000	250,000
	1,070,249	1,090,756	1,111,775	1,133,319	1,155,402
Net Debt	(13,164)	(13,497)	(13,839)	(14,189)	(14,547)
Non-Financial assets					
Prepaid expenses	13,325	13,658	14,000	14,350	14,708
Capital assets	510,099	408,079	326,463	261,170	208,936
	523,424	421,737	340,463	275,520	223,645
Net Position	\$510,260	\$408,240	\$326,625	\$261,331	\$209,097
Surplus and Equity					
Equity in capital assets	\$510,099	\$408,079	\$326,463	\$261,170	\$208,936
Unrestricted surplus	161	161	161	161	161
Net Position	\$510,260	\$408,240	\$326,624	\$261,331	\$209,097

FNTC Statement of Cash Flows - Financial Plan 2009/2010 TO 2013/2014

STATEMENT OF CASH FLOWS (IN \$'S)					
	2009-2010 Plan	2010-2011 Plan	2011-2012 Plan	2012-2013 Plan	2013-2014 Plan
Operating Activities					
Cash receipts from various sources	\$5,512,021	\$5,736,031	\$5,742,792	\$5,763,857	\$5,769,459
Cash paid to employees and suppliers	(5,483,645)	(5,721,825)	(5,722,135)	(5,743,200)	(5,747,866)
Cash transferred in upon inception	-	-	-	-	-
Cash flows from operating activities	28,375	14,207	20,657	20,657	21,593
Investing Activities					
Purchase of capital assets	-	-	-	-	-
Net increase in cash during the year	28,375	14,207	20,657	20,657	21,593
Cash, beginning of the year	881,777	910,152	924,360	945,017	965,673
Cash, end of the year	\$910,152	\$924,360	\$945,017	\$965,673	\$987,267
Significant non-cash transactions					
Operating activities					
Working capital assumed on inception					
Accounts receivable	\$-	\$-	\$-	\$-	\$-
Prepays	-	-	-	-	-
Accounts payable	-	-	-	-	-
Investing activities					
Capital additions from non-cash transactions	\$-	\$-	\$-	\$-	\$-