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Structural Transformation & Critical Investments in First Nations: On the Path to Shared Prosperity

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Presentation to the House of Commons Standing
Committee on Finance

November 1, 2011

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Shared Prosperity & A Sustainable Future

- First Nations are poised to make ever-increasing contributions to overall economic prosperity and own economies
- Fundamental structural change is necessary to uncover full potential
- Investments in First Nations continue to make sense – especially in a climate of fiscal restraint and reductions
- AFN recommends that the Government of Canada:
 - Transform the fiscal relationship through examining existing funding mechanism and moving forward on a set of shared principles
 - Make critical investments in First Nation education infrastructure and skills development in order to increase productivity and participation in economic opportunities
 - Invest in safe and healthy communities through supporting infrastructure, housing and health care

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Transforming the Fiscal Relationship

- Current mechanisms for funding First Nations are inadequate, unsustainable and too unpredictable to allow for any long-term planning.
- First Nations are the only governments in Canada whose budgets for core and essential services are discretionary and subject to unilateral and often arbitrary policy change.
 - Since 1996, an arbitrary 2% cap has been applied to funding for First Nation core services
- Stable and predictable fiscal transfers, with built-in escalators related to population and inflation, are used for other governments.
 - Provinces and territories receive a guaranteed annual growth rate of 6.6% per year

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Investing in First Nation Education

- Budget 2010 committed to achieving comparable education outcomes for First Nation students
 - **Comparable outcomes require, at minimum, comparable investments**
- A funding framework is needed based on real costs, indexation and appropriate treatment for northern and remote communities
- Framework for permanent resource allocation based on real costs and standards
- Centre for the Study of Living Standards 2010 study estimates that achieving comparable education outcomes could save the federal government \$11.9B by 2026

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Supporting Safe and Healthy Communities

- Links between economic, social and physical security
- Water, housing & emergency services in First Nations require attention and significant investment
- Sustainability of Non-Insured Health Benefits is also critical
 - \$376M for next year and \$805M shortfall over the next 5 years

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Transforming the Approach

Forward action should be founded in a process of establishing mutually support & shared fiscal principles, such as:

- Equity
- Fairness and Security
- Stability
- Predictability
- Accountability
- Authority/Autonomy
- Flexibility
- Access to capital

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Opportunities for Change

- Current context of strategic operational review and cost savings, there are important considerations, including aligning programming and services across Government
 - Basic services and those affecting health and safety should take priority
- Some principles to guide this discussion may include:
 - Community-based services set as a priority and guaranteed at a sustainable rate of growth;
 - Redeployment of resources to areas of greatest need; and
 - Rebuilding plan to refocus and enable investment in areas of greatest need.

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Opportunities for Change

- Transforming the approach & ensuring critical investments will achieve both short & long-term savings
 - Change the nature of the relationship

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