



# GIVE US GOOD MEASURE

Ken Coates  
Gregory Finnegan

Assessing the value of federal funding for First Nations governments

October 2022



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## Executive summary

Funding First Nations governments in Canada is a complicated affair, reflecting all manner of influences including community needs, government priorities, direct transfer, treaty payments, own-source revenue, funding from corporate collaboration agreements, fees, and local taxes, among others. But financing the core responsibilities of Indigenous governments comes from the government of Canada. There is no fixed formula for funding First Nations governments. In fact, there are dramatic variations in both the administration responsibilities of individual First Nations and the money allocated to the First Nation.

Federal funding is neither a “gift” to the community nor a recognition of their “special status.” Most of the money covers costs associated with education, health care, social housing, and basic infrastructure – federal government duties that are discharged in other jurisdictions by provincial and municipal governments or federal agencies. The myth of government generosity to First Nations remains pervasive in Canada but is a severe misrepresentation of the financing of Indigenous communities.

This paper examines the finances of a sample of 12 First Nations from across Canada, using their published audited financial statements to describe the inequality in First Nation government financing in Canada. Our project focuses on eight rural and remote communities, including Wabigoon, Neskantaga, Wahnapiatae, Doig River, Canupawakpa, Siksika, Buffalo River, and Muskrat Dam, alongside the more urban Indigenous communities of Kwänlin Dun (Whitehorse), Tsawwassen in the Lower Mainland of BC, Moosomin and Cowessess in Saskatchewan, the Maliseet Nation at Tobique bordering Perth/Andover in New Brunswick, and the Membertou in Cape Breton.

In Canada, First Nation financial accountability is covered under the *First Nations Financial Transparency Act*. The purpose of the Act was to enhance the financial accountability and transparency of First Nations by requiring the preparation and public disclosure of their audited consolidated financial

statements and of the schedules of remuneration paid and expenses reimbursed to a First Nation's chief and each of its councillors.

First Nation audits should not be seen as a Crown-imposed duty, but as a duty of First Nation governments and administration to their members to document revenues, expenditures, and assets and liabilities. Audited financial statements give confidence to members about how the First Nation's money was spent. An audit is an independent review of a Nation's financial statements or an outside look at a First Nation's finances. The audited statement not only fulfils the fiduciary responsibility of chief and council and the government with its people, but it is also an essential financial document for future fundraising initiatives, financial and economic development planning, and self-assessment.

While accounting standards and auditing policies help to standardize audited accounts and best practices, not all First Nations organize their government management systems in the same way, nor do all report on the same administrative categories. This inconsistency is a major limitation. There are two core issues at play: the sums of money (and conditions attached thereto) available to First Nations governments and their ability to manage these funds appropriately, a formidable challenge given the small scale and limited professional capacity of most First Nations.

However, society has come to expect transparency and full disclosure from governments and from publicly traded corporations. As First Nations increase their economic role in society, it is likely that society will increasingly expect that their financial reports will also be available.

Strong, well-organized, and thoughtful First Nations governments are now an essential condition for First Nations well-being. It is clear that effectively managed First Nations understand treaty and legal arrangements, work effectively with federal, provincial, and municipal authorities, and approach commercial activities with a keen sense of business and an Indigenous approach to maximize the socio-economic benefits of successful companies. This paper reinforces the importance of effective governance to community well-being and revitalization.

A growing number of First Nations have skillfully worked through the complex opportunities and challenges and many others are looking for lessons from their experiences. That is one of the most hopeful prospects for steady improvements in Indigenous well-being in the years and decades to come.

# Sommaire

Le financement des gouvernements des Premières Nations s'avère complexe au Canada, compte tenu de la multiplicité des facteurs en jeu : il y a, entre autres, les besoins des collectivités, les priorités gouvernementales, les transferts directs, les paiements prévus par les traités, les recettes autonomes, les fonds provenant des accords de collaboration commerciale, les droits exigibles et les impôts locaux. Par ailleurs, le financement des activités essentielles des gouvernements autochtones provient du gouvernement du Canada. Aucune formule uniforme de financement n'est utilisée pour les gouvernements des Premières nations. En réalité, tant les responsabilités administratives que les fonds mis à disposition varient considérablement d'une Première Nation à l'autre.

La contribution fédérale n'est ni un « don » à la collectivité ni une forme de reconnaissance de son « statut particulier ». Elle finance surtout l'éducation, les soins de santé, le logement social et les infrastructures de base – comme ailleurs sur le territoire par l'intermédiaire des gouvernements provinciaux et municipaux ou des agences fédérales. Pourtant, le mythe quant à la générosité gouvernementale à l'égard des Premières Nations demeure omniprésent. Il s'agit d'une représentation très inexacte du financement de ces collectivités.

Ce document est consacré à l'examen de la situation financière d'un échantillon composé de 12 Premières Nations du pays. Il décrit, en se reportant à leurs états financiers vérifiés, les inégalités dans le financement accordé aux gouvernements des Premières Nations. Le projet est axé sur huit collectivités rurales et éloignées, notamment Wabigoon, Neskantaga, Wahnapiatae, Doig River, Canupawakpa, Siksika, Buffalo River et Muskrat Dam, ainsi que sur les collectivités en zone plus urbaine de Kwänlin Dun (Whitehorse), Tsawwassen dans le Lower Mainland (C.-B.), Moosomin et Cowessess en Saskatchewan, la Nation malécite de Tobique à la frontière de Perth/Andover au Nouveau-Brunswick et Membertou au Cap-Breton.

Au Canada, l'obligation redditionnelle des Premières Nations est prévue par la *Loi sur la transparence financière des Premières Nations*. Cette loi a pour objet d'accroître l'obligation redditionnelle et la transparence des Premières Nations en matière financière en rendant obligatoires la préparation et la divulgation de leurs états financiers consolidés vérifiés et de l'annexe des rémunérations versées et des dépenses remboursées par celles-ci à leurs chefs et à chacun de leurs conseillers.

L'audit d'une Première Nation ne doit pas être considéré comme une obligation envers l'État, mais plutôt comme une obligation de son gouvernement et de son administration envers ses membres en ce qui a trait à la documentation des produits, charges, actifs et passifs. Les états financiers vérifiés leur permettent

de savoir comment l'argent a été dépensé. L'audit est un examen indépendant ou extérieur des états financiers ou des finances d'une Première Nation. Non seulement les états vérifiés permettent au Conseil de bande (chef et Conseil) et au gouvernement de s'acquitter de ses responsabilités de fiduciaire auprès de son peuple, mais ce document de nature financière est essentiel pour appuyer les collectes de fonds à venir, planifier le développement financier et économique et porter un regard rétrospectif.

Bien que les politiques et normes en matière d'audit contribuent à normaliser les comptes vérifiés et les pratiques, les Premières Nations ne structurent pas toutes leurs systèmes de gestion gouvernementale de la même manière ni n'utilisent les mêmes catégories administratives. Ce manque d'uniformité constitue une limitation majeure de laquelle émanent deux préoccupations cruciales : la première concerne les sommes d'argent (et les conditions qui s'y rattachent) offertes aux gouvernements des Premières Nations; la deuxième touche leur capacité à gérer ces fonds de manière appropriée, un formidable défi compte tenu de la taille et des capacités professionnelles limitées de la plupart d'entre eux.

Quoi qu'il en soit, la société considère maintenant comme acquise la transparence et la divulgation complète des informations des gouvernements et des sociétés cotées en bourse. Elle attendra donc de plus en plus des Premières Nations que, de pair avec l'accroissement de leur rôle économique, elles publient également leurs rapports financiers.

Il est maintenant indispensable pour leur vitalité que les gouvernements des Premières Nations soient solides, organisés et réfléchis. Manifestement, les Premières Nations proprement gérées saisissent bien le sens et les dispositions légales des traités, travaillent efficacement avec les autorités fédérales, provinciales et municipales et abordent les activités commerciales en témoignant d'un sens aigu des affaires et d'une approche typiquement autochtone, afin de maximiser les avantages socio-économiques des entreprises gagnantes. Ce document souligne l'importance d'une gouvernance efficace pour assurer la prospérité et le ressourcement des collectivités.

Un nombre croissant de Premières Nations ont su exploiter les possibilités et surmonter les obstacles complexes, et beaucoup d'autres cherchent à tirer des leçons de leurs expériences : l'une des avenues les plus prometteuses pour améliorer durablement le bien-être des Autochtones au cours des années et des décennies à venir.

## Introduction

**F**unding First Nations governments in Canada is a complicated affair, reflecting all manner of influences from community needs, government priorities, direct transfer, treaty payments, own-source revenue, funding from corporate collaboration agreements, fees, and local taxes, among others. But financing the core responsibilities of Indigenous governments, including housing, administration, policing, fire protection, water services, and the like, comes from the government of Canada. There is no fixed formula for funding First Nations governments and, in fact, there are dramatic variations in both the administration responsibilities of individual First Nations and the money allocated to the First Nation. This study of selected First Nations provides useful insights into the structural inequities and funding differences in the country.

The complexity of First Nations funding reflects late-stage colonial controls and regulations, community impoverishment, and the intricacies of federal Indigenous funding. Transparency in First Nations financing was a top priority for the government of Prime Minister Stephen Harper. Prime Minister Justin Trudeau's Liberal government has been far less focused on this element, which many First Nations leaders had protested. The issues at play are two-fold: the sums of money (and conditions attached thereto) available to First Nations governments and their ability to manage these funds appropriately, a formidable challenge given the small scale and limited professional capacity of most First Nations.

In June 2020, and in response to the financial crisis posed by the COVID-19 pandemic, then Minister of Crown-Indigenous Relations, Carolyn Bennett, announced that First Nations with existing loans under the First Nations Finance Authority (FNFA) would receive interest payment relief totalling \$17.1 million from the federal government. FNFA has 121 members of which 74 have loans (FNFA Annual Report 2021). This represents less than 20 percent of all First Nations in Canada. FNFA controls a loan portfolio of \$1.3 billion. The 2020 interest payment relief was a temporary measure, designed to address a pressing crisis among selected First Nations.

This is but one of many stop-gap solutions that have become all too common in Canada's approach to dealing with the funding inequality that faces Canada's First Nation governments. The First Nations have had to battle to resolve longstanding gaps in funding, educational attainment, employment opportunities, wage equality, housing opportunities, health outcomes, access to government services, and a myriad of other issues directly related to their past and ongoing colonial relationship with Canada, its provinces, and territories. The FNFA payment relief announcement provides one example of the ongoing funding shortfall that First Nation governments face.



*This study of selected First Nations provides useful insights into the structural inequities and funding differences.*

That FNFA has a loan portfolio of \$1.3 billion spread across nine provinces and one territory with some 74 First Nations is commendable, especially when these loans are being used to fund business acquisitions. For example, in January 2021, seven Atlantic Mi'kmaq First Nations pooled their buying power and borrowed \$250 million to purchase offshore fishing licenses from the Department of Fisheries. Many others are using loans to build new houses and remediate old ones, for green energy to displace existing hydrocarbon technology, and on education, wellness and administration centres, school additions, community infrastructure, roads, elders' care complexes, and broadband connectivity (FNFA Annual Report 2021). All of these projects could easily fit within the federal government funding envelop for First Nation governments. This offloading adds loan servicing costs to already underfunded and strained First Nation government budgets.

More than 650 First Nation governments<sup>1</sup> in Canada employed an estimated 59,400 workers in 2020 (Statistics Canada), about a third of a percent (0.36 percent) of all employment in the country. That employment number stood at 65,700 in the summer of 2019, but for the same reference period in 2020 had dropped to 61,100, a loss of 4600 jobs in the weakest job market in Canada (for Indigenous workers) due to the pandemic. Indigenous Canadians were inordinately affected by the pandemic as they have been in past pandemics (Daschuk 2013).

Jobs with First Nations governments in Canada can have a substantial impact on employment in some regions or locally at the community level. Such

employment, for example, reached around 7.4 percent of all employment in Yukon in 2013, and contributes some \$740 million to the provincial economy of Saskatchewan. Underfunding First Nation government not only has an impact on their communities but limits the considerable spinoffs available to the national economy not only in the form of employment, training, and education of what is the fastest growing demographic in the Canadian labour market, but in health outcomes, and in dollars spent on goods and services imported from outside the First Nation for everything from foodstuffs to skilled labour to IT and professional services.

In a study of 72 Ontario First Nation governments, Richards and Krass (2015) found that own-source revenue was becoming a major contributor to core administrative funding for public services. The issue of Indigenous own-source revenue and accounting was discussed as early as 2006 by the Canadian Institute of Chartered Accountants' Public Sector Accounting Board (PSAB), which is responsible for setting public sector GAAP (generally accepted accounting principles) for all levels of government in Canada. More than 100 First Nations governments had levy property taxes on-reserve and in the fiscal year 2005-2006 with revenues exceeding \$46 million (Buhr 2008). Richards and Krass found that the potentially disturbing result of their analysis is "the large incremental impact of own-source revenue on band administration in general" with a considerable amount being used to support educational and health and apparently less being invested back into economic development. They believed this arrangement to be unsustainable, as these revenues – used increasingly to fund core services – fluctuated widely year to year.

Meanwhile, Merasty (2022) discusses the expansion of Indigenous participation within the forestry sector, noting that since 2003 there has been a 135 percent increase in Indigenous managed forest resources across some 400 communities; this growth has been generating new own-source revenues, jobs and business acumen. The general assumption is that increased own-source revenue should generate higher community well-being. While it appears logical to assume a positive correlation between increased business activity, the generation of rents on their own resources/lands and community well-being, Vining and Richards (2016) found this was not the case in their study of sample First Nation communities in Canada with substantial increases in own-source revenue between 2001 and 2011. Their research is based on changes to the community well-being index over time indicates that there is no improvement in well-being for communities with large per capita own-source revenue compared to those with modest own-source revenue. The relevant coefficient in their regression modelling is positive but very small and statistically insignificant. According to Vining and Richards (2016), "One might expect a positive relationship between per capita own-source revenue and labour force activity. However, that correlation is low and negative." They conclude that: "Indigenous participation in economic development activities via EDCs is not an important element in higher community well-being. Better

organization and funding of basic services, in particular education, remain crucial" (Vining and Richards 2016). This is in direct contrast to the argument of Flanagan and Jackson (2017) who feel that own-source revenue, which they argued in 2017 was already equal to over 50 percent of federal spending, is a way for many First Nations to improve their well-being.

In public health research, Oosterveer and Young (2015) analysed primary health care accessibility challenges in remote Indigenous communities in Yukon and the NWT and noted that Tudor Hart's "inverse care law" was highly applicable: "the availability of good medical care tends to vary inversely with the need for it in the population served." This helps to explain the poor health care service results in the North as a traditional Indigenous population continues its transitions. First Nation governments are having to spend own-source revenue to make up for the increased costs of providing public health to their communities, which are in greater need of medical and mental health support than other non-First Nation communities. These types of financing problems were revealed by the government of Canada's Standing Committee on Indigenous and Northern Affairs in its 2017 report on *Default Prevention and Management* (Canada 2017), which produced far-reaching recommendations on the adequacy of federal funding, financial capacity building, and financial literacy and training for First Nations governments and the agencies and third-party organizations supporting these governments.

Flanagan and Jackson (2017) note that own-source revenue is unequally distributed across the First Nations business environment with the top 1 percent of own-source revenue earners controlling around 11 percent of this revenue stream. Their research into the rising but unstable nature of own-source revenue streams in First Nation government is insightful and original. Sadly, it is also laced with political vitriol, an extreme but undeclared bias towards fiscal conservatism, and an unnecessary need to attack the Liberal government while upholding the Harper government's legacy of underfunding Indigenous Canada.

But regardless of the level of government money and/or own-source revenue available, the reality is that truly little of the money in circulation – being spent on goods and services by the First Nation – stays in the First Nation communities. Results from new research by Mirzaei, Natcher, and Micheels (2020) indicate that economic leakage rates for First Nation economies is roughly 90 percent; this means that 90 cents out of every dollar spent by First Nations for goods and services occurs off-reserve in settler society businesses. They found that First Nation spending contributed over \$741 million to Saskatchewan's GDP, created approximately 11,244 full-time jobs, and led to an estimated increase of some \$462 million in labour force income for the province. In other words, federal dollars to support First Nation government end up with non-First Nation service providers across the province. The authors concluded that if policy-makers intend to build on-reserve economies,

strategies must be found to recapture off-reserve spending by providing comparable on-reserve goods and services. In the absence of on-reserve economic development, First Nation economic growth will likely remain stagnant with few wealth-generating opportunities and lower standards of living for First Nation members.

Inevitably, past inadequate funding by Canada has resulted in financial failures. Indeed, more First Nation governments are finding themselves in some form of default position. In 2017, 142 First Nations were operating under some form of federal government approved third-party management, while only 46 had secured loans as of 2017 (FNFA Annual Report 2017/18).

In 2016-17, Parliament approved the transfer of approximately \$9.5 billion to Indigenous and Northern Affairs Canada (INAC) to support the delivery of programs and services to Indigenous people. Approximately 90 percent was transferred directly to First Nations through funding agreements. To manage the potential financial risks involved in this transfer of public funds, the agreements stipulated the conditions under which INAC can intervene in the financial affairs of First Nations (the conditions of which are guided by the *Default Prevention and Management* policy).

This policy has been a longstanding grievance among First Nations. Communities can be subject to default management for years, with limited opportunity to improve their internal capacity for financial management or implement a plan to recover from default. Among their primary concerns, First Nations argue that the current approach interferes with the band council's role in administering programs and services and has not yielded meaningful improvements for First Nations.

The recommendations of the Parliamentary Committee (shown similarly in the report of the Office of the Parliamentary Budget Officer in 2022) were unequivocal. Canada needs to address the underfunding of First Nation governments and improve financial literacy and capacity in the First Nations.

This paper examines the finances of a sample of 12 First Nations from across Canada using their published audited financial statements to describe the inequality in First Nation government financing in Canada. Our sample includes small, remote northern Ontario communities that are dependent upon natural resources to prairie reserves struggling with outmigration through to urban reserves that are successfully developing commercial and residential properties. With few exceptions, these First Nations are struggling to provide adequate public goods and services for their members who suffer from low educational attainment, household dependency on government transfers, population displacement, and high unemployment rates.

# Accounting obligations and processes

It is important to understand the structures and processes involved with First Nations government financing. In Canada, First Nation financial accountability is covered under the *First Nations Financial Transparency Act* (S.C. 2013, c. 7). The purpose of the Act was to enhance the financial accountability and transparency of First Nations by requiring the preparation and public disclosure of their audited consolidated financial statements and of the schedules of remuneration paid and expenses reimbursed to a First Nation's chief and each of its councillors – acting in their capacity as such and in any other capacity, including their personal capacity – by the First Nation and by any entity that, in accordance with generally accepted accounting principles, is required to be consolidated with the First Nation.

Richards and Krass (2015) in their analysis of revenue data that flows from the *First Nations Financial Transparency Act* note that many First Nations leaders opposed the Act as an unwarranted intrusion of alien accounting rules. However, they believe this was an inevitable consequence of the entry of First Nations into market-based economic activities with higher expectations – on the part of both Aboriginals and non-Aboriginals – for financial transparency.

Addressing the Act, Ryerson University Professor Pam Palmater stated that “[e]very First Nation has to file an audited financial statement with Indian Affairs [even before the implementation of the *Financial Transparency Act*] every year to account for federal funds and it's 100 per cent accessible by band members either through the band or Indian Affairs.” She went on to say, “it violates the *Privacy Act* because it's third-party information that's not entitled to be distributed to the Canadian public – and there's no need for it” (Lum 2014).

Swift (2016) quotes former federal minister Jodi Wilson-Raybould who argued that the *Financial Transparency Act* oversimplifies and conflates accountability with transparency. The bill, she claimed, did little to tangibly improve accountability procedures in spite of increased financial transparency between leaders and their members. She noted that it seeks to disclose financial statements in terms of what a First Nation is doing financially. But in her opinion, in terms of supporting First Nations and building capacity and building institutions of good government, this bill does not address that (Canada 2012, 7).

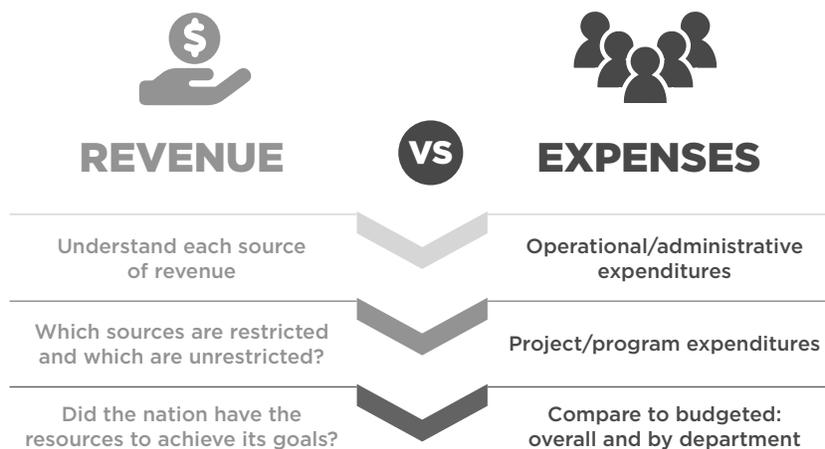
Richards and Krass note that there are limitations in the data and audit reporting which makes any comparative analysis of the audited statements difficult:

Several caveats are in order. First Nations audited statements do not use standardized protocols to identify revenue and expenditure envelopes; accordingly, we have done our best to allocate items to the relevant envelopes. Furthermore, some undetermined portion of First Nations own-source revenue derives from impact and benefit agreements (IBAs) negotiated between First Nations councils and resource developers. These agreements are usually confidential and details about them in audited statements are scant. (Richards and Krass 2015)

This Act applies to every First Nation’s fiscal year that began after the day on which this Act went into force, although not all participate. Flanagan (2021) notes that “the audited financial statements for fiscal 2018/19 were available from 494 First Nations out of 581 required to file (some will file belatedly, while others refuse to file).” However, given the limited capacity many First Nations have for financial management and the challenges they face getting qualified accounting firms to audit their books, especially those with major failings, having an 85 percent filing rate is significant and an indication of commitment to fiscal transparency.

The First Nations Financial Management Authority provides support for First Nations in the management of their financial affairs. One of their foundational presentations used for First Nation training includes a simple graphic on revenues and expenses (see Figure 1). Financial reporting is credible when it is based on independently set accounting standards.

**FIGURE 1: FNFMA EXPLANATION OF REVENUE VS. EXPENSES**



Source: FNFMA 2022.

**FIGURE 2: FNFMA TYPES OF AUDITS EXPLAINED**



Source: FNFMB 2022.

The FNFMB also clearly explains the difference between different types of audit opinions: unqualified opinion, qualified opinion, denial of opinion, and adverse opinion, based on the auditor’s ability to see all documentation, agree with the assessment of the valuation of assets and liabilities, and the transparency in accounting in their review of the First Nation’s accounts. Figure 2 shows a breakdown of the different types of audit opinions.

Of the 14 communities sampled here, eight received “Unqualified” opinions, meaning that they met the standards of the audit process (Table 1). Five of the audits had “Qualified” opinions, usually relating to one or two specific issues regarding asset valuation, accounting paperwork for fundraising, corporate investments that are often outside of chief and council management, or minor irregularities. However, in the case of Muskrat Dam, the auditor came back with a “Disclaimer of Opinion” or, in the FNFMA’s terms, Denial of Opinion. As the auditor notes, “Accordingly, I was unable to express an opinion on the financial statements,” which in accounting and audits is a highly problematic outcome.<sup>2</sup>

Audited financial statements give confidence to members about how the First Nation’s money was spent. An audit is an independent review of a Nation’s financial statements or an outside look at a First Nation’s finances.

The audited statement not only fulfils the fiduciary responsibility of chief and council and the government with its people, but it is also an essential financial document for future fundraising initiatives, financial and economic development planning, and self-assessment. Banks require audited statements prior to making loans to First Nations for capital projects or investment in

**TABLE 1: AUDITED STATEMENTS BY FIRST NATION AND CPA**

First Nation	Year	Type of audit	Approved	Opinion	CPA firm
Buffalo River Dene	2019-20	consolidated	chief and council	unqualified	MNP
Canupawakpa Dakota	2018-19	consolidated	chief and council	unqualified	MNP
Cowessess	2019-20	consolidated	chief and council	unqualified	MNP
Doig River	2019-20	consolidated	chief and council	unqualified	MNP
Kwänlin Dun	2018-19	non-consolidated	chief and council	qualified opinion	Estrada & Tan
Maliseet Nation at Tobique	2019-20	consolidated	chief and council	qualified opinion	Teed Saunders & Doyle
Membertou	2018-19	consolidated	chief and council	qualified opinion	Grant Thornton
Moosomin	2019-20	consolidated	chief and council	unqualified	MNP
Muskrat Dam	2019-20	consolidated	chief and council	disclaimer of opinion	Private CPA
Neskantaga	2017-18	consolidated	chief and council	qualified opinion	BDO
Siksika Nation	2019-20	consolidated	chief and council	unqualified	BDO
Tsawwassen FLC	2019-20	consolidated	executive council	unqualified	Deloitte
Wabigoon Lake Ojibway	2017-18	consolidated	chief and CAO	qualified opinion	BDO
Wahnapitae	2019-20	financial statement	chief and council	unqualified	KPMG

*Source: Compiled by authors from audited statements, searchable at Canada (Undated).*

businesses. Auditors act as skeptical assessors of the management and fiscal capability of the First Nation and have an important role to play in improving management’s capacity and refreshing its toolkit. Auditors ensure that the community’s finances are well cared for and being safely managed, and their public opinions can result in deeper assessments of financial practices and even forensic audits. Table 1 lists the auditors for each of the sampled communities. The field is dominated by the major national accounting houses: MNP, KPMG, BDO, Deloitte, and Grant Thornton.

Once the audit is completed it is up to the First Nation, its government, and its citizens/members to decide how to respond to it and how to use it as a tool for improved governance and future planning. First Nation audits should not be seen as a Crown-imposed duty, but as a duty of First Nation governments and administration to their members to document revenues, expenditures, and assets and liabilities as a basis for reflection on the year's events and how the community can use this information to plan. Unfortunately, audits are formulaic and often written in difficult, technical accounting language. As such, most chiefs and councils, and certainly most members of the community, find them hard to digest. The *First Nation Financial Management Act* talks about audits telling stories, which they do, but these stories typically need translation.

First Nations governments are directly accountable to both internal and external parties. In addition, some users may want financial information from a First Nation even though there is no direct accountability. To be more specific, First Nations have three key accountability relationships as follows:

1. to First Nation members living on-reserve and off-reserve who select their First Nation government leaders
2. to federal government departments that provide funding to First Nations, as well as to provincial and territorial governments that have established legal or economic relationships with First Nations; and
3. to capital providers who are investors, lenders and creditors and use the information for decision-making purposes. (Canadian Institute of Chartered Accountants 2008)

In addition, the financial information is also used by those within First Nations governments ranging from elected and appointed representatives and officers to operational and administrative management through to frontline employees. These internal users need information specific to their areas of concern but also should know and understand how the audit process works, why it is essential to good governance, and how it can provide feedback on processes and procedures with the government. To meet these last demands, auditors will often need to create specialized reports with restricted distribution.

Financial reporting information prepared for external users should also assist internal users in fulfilling their roles and responsibilities and enable them to monitor the fiscal health of their government. First Nation governments are perhaps the most personal, most intimate level of government in Canada. First Nations are family- and clan-based. These communities are frequently small (most have under 500 people), and the chief and council as well as senior administrators are often and inevitably close relatives and family members. While this has positive aspects related to communications and

trust, it can also create challenges in the separation of local state governance and management from family security, friendship, and social welfare.

The detailed reports (which include salary and expense information) are also highly personal and for small Indigenous populations potentially disruptive.

In addition to the three key accountability relationships and internal users, First Nations may be accountable to others, too. As First Nations increase their economic development and implement self-government jurisdictions, these users can include, but are not limited to:

- Residents on First Nations land who are taxpayers, whether they are First Nations members or not;
- Various organizations that have contractual relationships with First Nations requiring financial reporting, such as the First Nation Development Corporations;
- Current and potential business partners who will want the information for decision-making purposes. This could include chartered banks, for example, who might provide financing for First Nation development projects and can manage trust fund accounts;
- Developers who are involved in residential housing, industrial, and commercial properties and other capital projects; and
- Regulators and agencies monitoring First Nations.

Finally, there is a group of users to whom the First Nation is not directly accountable but who may also want access to the financial reports, including:

- Credit-rating organizations and analysts who use financial information to analyze and evaluate financial issues;
- news media;
- public interest groups such as environmental agencies and not-for profits; and
- the general Canadian public.

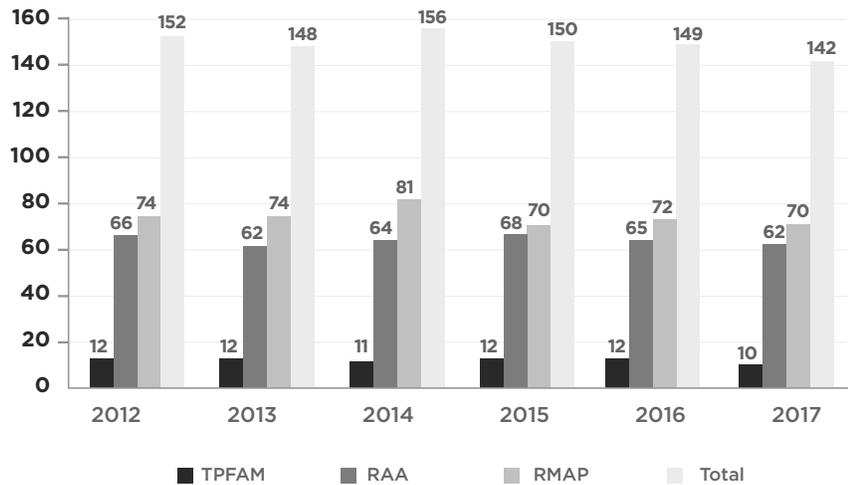
Society has come to expect transparency and full disclosure from governments and from publicly traded corporations. As First Nations increase their economic role in society, it is likely that society will increasingly expect that their financial reports will also be available. The news media and public interest groups fuel public opinion by synthesizing such information and providing commentary.

## Third-party management of First Nation governments in Canada

None of the First Nation communities selected in this analysis were under any form of third-party management, even though the sampling did not deliberately avoid communities that had some form of fiscal oversight by a third party.

In 2017, the report of the Standing Committee on Indigenous and Northern Affairs chaired by MaryAnn Mihychuk, *Default Prevention and Management 2017* (DPMP) found little improvement over time in the level of intervention required by Canada in First Nation financial management (Canada 2017). As of that year there were 142 First Nation communities and organizations under third-party oversight, or 23 percent of the 618 First Nations in Canada. Ghislain Picard, Regional Chief of the Assembly of First Nations Quebec and Labrador, notes that a significant number of additional First Nations were on the cusp of falling under the default prevention policy.<sup>3</sup> As Figure 3 shows, the number of First Nations under each level of default management has not changed significantly over the five years; there was an average of 24 percent of communities in third-party management between 2012 and 2017.

**FIGURE 3: NUMBER OF FIRST NATIONS WITH FINANCIAL MANAGEMENT INTERVENTIONS UNDER WAY, BY YEAR, 2012-2017**



**TPFAM:** Third-Party Funding Agreement Management; **RAA** Recipient-Appointed Advisor; **RMAP** Recipient-Managed Action Plan.

Source: Canada (2017).

The committee heard from several First Nation leaders from across Canada who summarized the problems they face:

- A lack of financial literacy, extensive/excessive federal government program reporting, and a lack of skilled staff and experts to handle the reporting requirements resulting in dependency on outside accounting firms for support (Perry Bellegarde, National Chief, Assembly of First Nations);
- Chronic underfunding of programs and funding formulas that have not kept pace with the rapid population growth in the First Nation communities (Chief Arlen Dumas from the Swampy Cree Tribal Council);
- Funding that is not connected to the cost of delivering services (Sheila North-Wilson, Grand Chief of Manitoba Keewatinowi Okimakanak Inc.);
- Funding programs that are inflexible in that Indigenous governments cannot redirect funds from one program area to another to address a community emergency (Norm Odjick, Assembly of First Nations Quebec and Labrador); and
- The need to generate own-source revenue in order to reduce dependency on federal transfers to fund programs, with own-source revenue being more flexible to address pressing or unexpected emergencies (Perry Bellegarde and Harold Calla from the First Nations Financial Management Board).

There was broad consensus among the Parliamentary witnesses that the DPMP does not address the root causes of financial distress, nor does it build community capacity for financial management. Perry Bellegarde, echoing the views of other First Nation leaders, contended that the policy was “designed to address risk to the department rather than improve performance on the ground” (Canada 2017, 7-8).

In Yukon, the Liard First Nation pulled itself out of third-party management in March 2018 after four years of being managed by a Crown-appointed Vancouver-based financial manager (Morin 2018). All Liard First Nation programs deemed “non-essential” had been cut after 2014 when the First Nation was placed under third-party management. This is reported to have eliminated some 40 jobs in the community, a high price to pay for financial mismanagement in a community that has an Aboriginal unemployment rate running some 32 percent (Statistics Canada 2017, Aboriginal Profile, 2016 – Town of Watson Lake, Yukon) and limited opportunities for employment.

The Liard First Nation progressed to a management action plan status after having demonstrated considerable progress toward building capacity and satisfying financial reporting obligations, according to Crown-Indigenous

Relations and Northern Affairs. The community's chief and council could then rehire staff who had been laid off and work toward addressing outstanding debts with creditors (Morin 2018).

## The sampled communities in review

This project focuses on eight rural and remote communities, including Wabigoon, Neskantaga, Wahnapiatae, Doig River, Canupawakpa, Siksika, Buffalo River, and Muskrat Dam, which are broadly representative of First Nations in Canada. Added to these are the more urban Indigenous communities of Kwänlin Dun (Whitehorse), Tsawwassen in the Lower Mainland of BC, Moosomin and Cowessess in Saskatchewan, the Maliseet Nation at Tobique bordering Perth/Andover in New Brunswick, and the Membertou in Cape Breton. Figure 3.1 provides series of variables for each community covering total on- and off-reserve population, their treaty status, as well as three census variables: unemployment rate, income dependency on government transfers, and educational attainment. Snapshots of the samples communities can be found in Appendix 2.

As shown elsewhere, there is a direct and strong correlation between a lack of completion of high school and high unemployment rates (Finnegan and Coates 2016; Hann, Chuatico, and Cornetet 2020). A couple of examples should suffice. In 2016, the Canupawakpa Dakota had a 33.3 percent on-reserve unemployment rate while only 34.9 percent of their adult population aged 15+ had attained high school graduation or higher. The numbers for even the comparatively wealthy Membertou band in urban Sydney, Nova Scotia, are equally disturbing, with 30.6 percent of their members not completing high school and an unemployment rate of 36.6 percent. In comparison the very urban Tsawwassen band in Vancouver's Lower Mainland, with a modern comprehensive treaty, had the lowest unemployment rate at 7.6 percent while only 15.8 percent of their members had failed to graduate from high school. The Tsawwassen band's unemployment rate was marginally better than the 2016 Canadian rate of 7.7 percent, while across Canada the percentage of the population aged 15+ that did not have a high school graduation stood at 18.3 percent.

Due to the small size of the on-reserve populations captured by the census, the data on income dependency is somewhat truncated. Census suppression affected four of the sampled communities.<sup>4</sup> Eight of the communities had dependency rates of between 25 and 41 percent of total household income or between twice as high to almost four times higher than the non-Aboriginal rate, showing a remarkably high dependency on government funding. Only

**TABLE 2: SELECTED CHARACTERISTICS OF SAMPLE COMMUNITIES**

First Nation	Location	Population (total Band on and off reserve)	Treaty number/status	Census 2016 unemployment rate	% income dependency on gov't transfers 2015	% population w/o high school 15+ living on-reserve 2016
<b>Canada non-Aboriginal: 32,786,285</b>			<b>N/A</b>	<b>7.4%</b>	<b>11.5%</b>	<b>16.7%</b>
Buffalo River Dene	SK	1583	Treaty 10	33.0%	28.2%	54.1%
Canupawakpa Dakota	MN	688	not signatory	33.3%	32.8%	65.1%
Cowessess	SK	4313	Treaty 4	25.0%	28.0%	32.0%
Doig River	BC	319	Treaty 8	23.1%	(suppressed)	55.0%
Kwänlin Dun*	YT	1018	Umbrella Final Agreement, 2005	17.5%	13.9%	27.1%
Maliseet Nation at Tobique	NB	2593	Peace and Friendship Treaties, contested	35.8%	30.9%	32.2%
Membertou	NS	1583	Peace and Friendship Treaties	36.6%	24.8%	30.6%
Moosomin	SK	2705	Treaty 6	20.2%	41.3%	61.6%
Muskrat Dam	ON	473	Treaty 9	12.0%	26.1%	64.9%
Neskantaga	ON	492	Treaty 9	17.6%	(suppressed)	78.1%
Siksika Nation	AB	7564	Treaty 7	21.9%	29.3%	41.4%
Tsawwassen FLC	BC	403	Comprehensive Agreement, 2009	7.7%	10.2%	15.8%
Wahnapiatae	ON	563	Robinson-Huron	18.2%	(suppressed)	35.7%
Wabigoon Lake Ojibway	ON	819	Treaty 3	22.2%	(suppressed)	42.9%

\* Kwänlin Dun First Nation is not listed as a unique census population in the 2016 census and appears to be included within Whitehorse for income and education results. For ongoing negotiations see: Canada, Crown Indigenous Relations and Northern Affairs 2021.

Source: Columns 2, 5, 6, and 7: Statistics Canada (2017a).

the urban Kwänlin Dun First Nation in Whitehorse in one of Canada's hottest labour markets, and the Tsawwassen First Nation with access to the economy of Vancouver's Lower Mainland have income dependency rates bracketing the Canadian household average of 11.7 percent at 13.9 percent and 10.1 percent, respectively (see Table 2).

Financial challenges are depressingly common in First Nation communities, be they on-reserve or off-reserve. The Indigenous Services Canada (ISC) *Annual Report to Parliament 2020* provides pages of graphs and maps documenting the inequality within Canada between the Indigenous people and the settler society. Figure 4 reproduces four statistical examples from the Parliamentary report that reinforces the selected census data. Appendix 1 also reproduces an extract from the report on the "new fiscal relationship for First Nations." (Indigenous Services Canada 2020). An extract from this report on examination of the First Nations selected for detailed analysis provides additional insights into the socio-economic and political challenges facing Indigenous governments, for which government of Canada funding is the primary means of addressing a wide variety of governance, cultural, economic, and social needs.

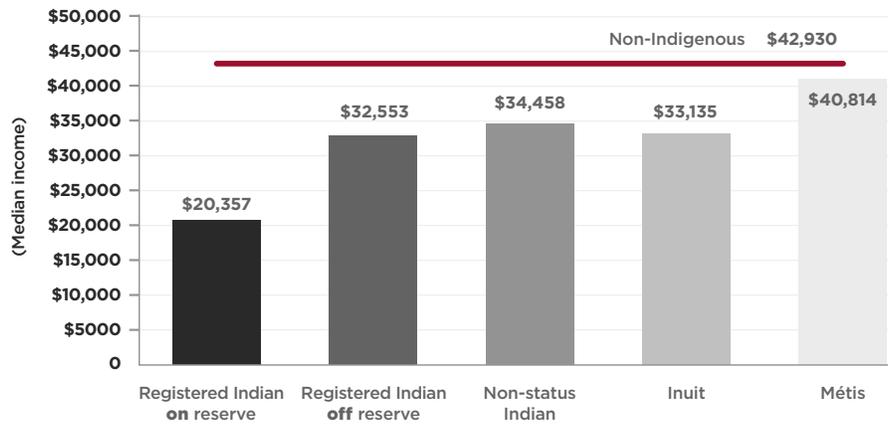
## Sample community populations

The communities in the sample population range in size from 403 for the urban Tsawwassen community in the Vancouver Lower Mainland to 7564 for the prairie community of Siksika east of Calgary (Table 3). Indigenous people are highly mobile, as shown by the percentage of the population living off-reserve, with half of the communities having less than 50 percent of their population living on-reserve. First Nation members move away from their traditional territories for educational and employment opportunities and for personal reasons, while many are just born off-reserve. It is not unknown for First Nation members to have never resided on, or even travelled to, their home community. Reserves, it must be noted, were imposed by the Crown on these communities and while they may have had linkages or associations with historic settlements, resource harvesting, or spiritual connections, they were part and parcel of a government policy to enforce a sedentary and usually agricultural lifestyle on highly transitory hunting and gathering societies.

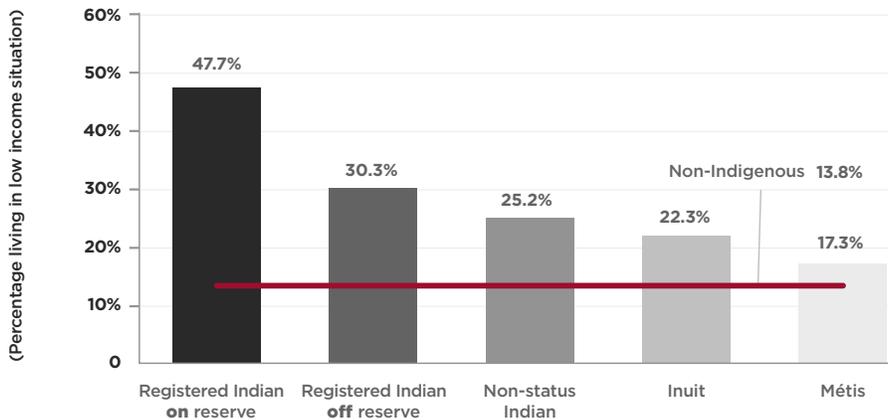
Fuelled by the desire to implement the initial stages of the Canadian social welfare state, federal authorities used various intrusive measures to get First Nations to shift from nomadic to sedentary lives on government-run reserves. They did so with Indian Agents and the Department of Indian Affairs exercising administrative dominance over the First Nations and their lands including the pass system (Daschuk 2013, 171-172). Few of the reserves were established in economically advantageous locations. As scholar Robert Bone notes, "the lack of an economic foundation had proven to be the Achilles heel of the relocation 'strategy' [read reserves]. Under normal circumstances, urban

## FIGURE 4: SELECTED CENSUS DATA

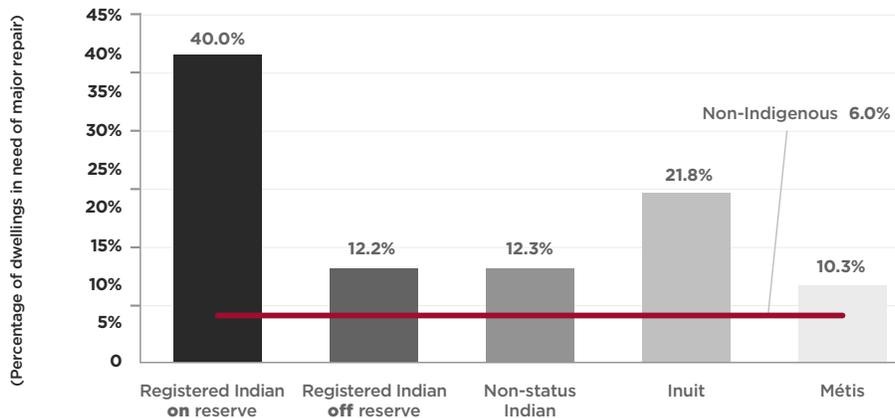
- **Median income, 2015, Indigenous and non-Indigenous populations, aged 25-64, Canada**



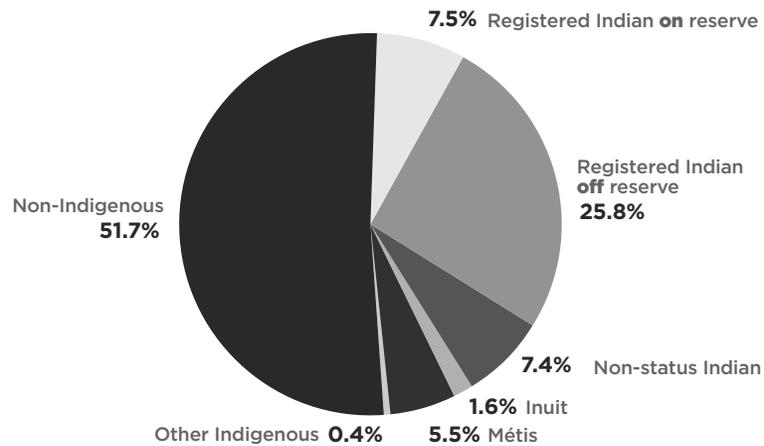
- **Percentage living in a low income situation, 2015, Indigenous and non-Indigenous populations, Canada**



- **Percentage of dwellings in need of major repair, 2016, Indigenous and non-Indigenous populations, Canada**



- **Percentage of Indigenous and non-Indigenous children comprising the total population aged 0-17 in foster care, 2016, Canada**



Source: Indigenous Services Canada 2020

places that lose their economic function soon die, whether they are single-industry towns or rural communities. Native settlement does not follow this pattern of urban evolution because they generally have been located within cultural homelands and close to traditional hunting lands” (Bone 2003, 186-187). Indigenous moves off-reserve, far from being a simple response to conditions in the communities, is a return to the generations-long and often economically and socially responsible pattern of migration within large and geographically diverse traditional territories.

This mobility, however, increases demand for government services delivered at a distance, a form of virtual governance that creates new demands for communications and linkages to hold First Nation communities together as governing bodies, even if citizens are geographically dispersed. The Nisga’a First Nation in Northwest British Columbia operates a combination of settlements within their traditional territory and three “locals” located at considerable distance. Several groups in the United States, divided through the processes of dispossession and the dismantling of reservations, work through governments operating in a networked fashion across vast distances. In sum, First Nations have increasingly rejected the on-reserve and off-reserve dichotomy long favoured by the federal government and are working to tie their citizens together through distributed government systems. This rapidly evolving situation requires changes in the delivery of government services to stem the decline in First Nation participation in government as more and more of their members leave the reserves for urban opportunities.

**TABLE 3: SAMPLE COMMUNITY'S DEMOGRAPHICS**

First Nation	Province	Population	Number living on reserve and own crown land	Percentage living on reserve
Buffalo River Dene	SK	1583	799	50.5%
Canupawakpa Dakota	MB	688	310	45.1%
Cowessess	SK	4313	838	19.4%
Doig River	BC	319	136	42.6%
Kwänlin Dun	YT	1018	559	54.9%
Maliseet Nation at Tobique	NB	2593	1591	61.4%
Membertou	NS	1583	944	59.6%
Moosomin	SK	2705	1207	44.6%
Muskrat Dam	ON	473	238	50.3%
Neskantaga	ON	492	360	73.2%
Siksika Nation	AB	7564	4132	54.6%
Tsawwassen FLC	BC	403	186	46.2%
Wahnapiatae	ON	563	57	10.1%
Wabigoon Lake Ojibway	ON	819	186	22.7%

*Compiled by the authors.*

The “on-reserve” term in Table 3 requires some explanation as to how it was derived and secondly, how on-reserve is to be interpreted. Using the registered population data provided by the First Nations to the government of Canada, the population numbers for registered males and females as well as those on own Crown land were combined to create an “on-reserve” population count. In the case of Wabigoon Lake, this represents only 22.7 percent of the population (Table 4).<sup>5</sup> The on-reserve populations vary from as low as 10.1 percent in Wahnapiatae to a high of 73.2 percent in Neskantaga. Indeed, seven of the 14 communities sampled have 50 percent or more of their population living off-reserve, indicating the extent of the Indigenous diaspora and the challenge of maintaining community vitality and effective government communications. This has repercussions for First Nations in how they deliver their public goods and services as well as how they communicate with their widely dispersed membership.

On average, only 46 percent of the First Nation population included in this study or some 11,500 of 25,100 people live on-reserve, meaning that these First Nations are having to spend more time, energy, and money on communications than if their members were not so dispersed.

**TABLE 4: WABIGOON LAKE OJIBWAY NATION: REGISTERED POPULATION**

Residency	Number of people
Registered males on own reserve	99
Registered females on own reserve	87
Registered males on own crown land	0
Registered females on own crown land	0

However, it is also necessary to understand the problems with using the term “on-reserve” and other *Indian Act* designated terms. For example, in Yukon, the Canadian government continued to divide Kwänlin Dun First Nation (KDFN) citizens between the on-reserve and off-reserve categories in various publications and public presentations, probably for a neat comparison to southern First Nation populations, although there are no settled reserves *per se* in Yukon. The KDFN as a modern treaty community live throughout Whitehorse on settlement lands, not on reserves. This clearly shows up in the table for residency for the KDFN posted by INAC where one finds that 553 of 1018 citizens live on their own Crown land and, oddly, only six are listed as being on-reserve.<sup>6</sup>

In an analysis of the Indigenous accountability policies that culminated in the *First Nations Financial Transparency Act* (S.C. 2013, c. 7), Swift (2016), argues that the increasing ratio of urban off-reserve community members relative to on-reserve members has led to challenges with community funding and an increasing community detachment among younger generations. As greater numbers of youth move off-reserve to urban areas, they are often less engaged in the community’s affairs. This is problematic from the perspective of protected benefits by way of treaty and the Constitution (financial and otherwise) as only some of the federal government’s funding to communities can be used for off-reserve members. One of Swift’s interviewees noted:

It kind of depends on which program you’re talking about. So, employment programs? Yes. Post-secondary? Maybe. Anything else you can’t really use Indian Affairs money to help them because it’s tied to the boundaries of that reserve.

Funding packages then, are not equally accessible for every First Nation community member. This study uses the total First Nation “band” population as the denominator, especially given the inability of Indigenous Services Canada to adequately interpret what is and what is not to be labelled as a reserve, as in the Yukon example. But there could be arguments made for using only on-reserve populations, given that that is where most First Nations programs are directed.

# The data

The primary data used in this analysis has been derived from the selected First Nations annual reports, which have been compiled by Crown-Indigenous Relations and Northern Affairs Canada (Indigenous Services Canada 2021). From this source, audited statements can be accessed, such as those for the Membertou First Nation in Nova Scotia.<sup>7</sup>

Eleven of the 14 communities reviewed were audited by national chartered professional accounting firms – MNP, BDO, Deloitte, KPMG, and Grant Thornton. Two were completed by regional firms and one, Muskrat Dam, by an independent CPA auditor. The independent review was the only one to have considerable auditor qualification attached, specifically, a disclaimer of opinion (Table 5).

KPMG’s audit of Wahnapiatae is listed as a Financial Statement while 14 are consolidated statements covering all reporting entities within the First Nation and one is unconsolidated – Kwänlin Dun.<sup>8</sup> As noted by the KDFN auditors: “The financial statements of the controlled entities were not available to management and consequently we were unable to obtain sufficient appropriate evidence with respect the financial position.”<sup>9</sup>

The auditor’s “opinion” is a verification of good accounting practices. Their “letter” usually outlines improvement that could be made in accounting and reporting practices. A short letter is the goal of most organizations as it indicates that the government has followed acceptable accounting practices. As an example, KPMG offered this opinion for a First Nation:

We have audited the consolidated financial statements of Wahnapiatae First Nation (the “First Nation”), which comprise:

- the consolidated statement of financial position as at March 31, 2019
  - the consolidated statement of operations and accumulated surplus for the year then ended
  - the consolidated statement of changes in net financial assets for the year then ended
  - the consolidated statement of cash flows for the year then ended
  - and the notes to the consolidated financial statements, including a summary of significant accounting policies
- (Hereinafter referred to as the “financial statements”)

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position

**TABLE 5: AUDITED STATEMENTS BY FIRST NATION AND CPA**

<b>First Nation</b>	<b>Year</b>	<b>Type of audit</b>	<b>Approved</b>	<b>Opinion</b>	<b>CPA firm</b>
Buffalo River Dene	2019-20	consolidated	chief and council	unqualified	MNP
Canupawakpa Dakota	2018-19	consolidated	chief and council	unqualified	MNP
Cowessess	2019-20	consolidated	chief and council	unqualified	MNP
Doig River	2019-20	consolidated	chief and council	unqualified	MNP
Kwänlin Dun	2018-19	non-consolidated	chief and council	qualified opinion	Estrada & Tan
Maliseet Nation at Tobique	2019-20	consolidated	chief and council	qualified opinion	Teed Saunders & Doyle
Membertou	2018-19	consolidated	chief and council	qualified opinion	Grant Thornton
Moosomin	2019-20	consolidated	chief and council	unqualified	MNP
Muskrat Dam	2019-20	consolidated	chief and council	disclaimer of opinion	Private CPA
Neskantaga	2017-18	consolidated	chief and council	qualified opinion	BDO
Siksika Nation	2019-20	consolidated	chief and council	unqualified	BDO
Tsawwassen FLC	2019-20	consolidated	executive council	unqualified	Deloitte
Wabigoon Lake Ojibway	2017-18	consolidated	chief and CAO	qualified opinion	BDO
Wahnapitae	2019-20	financial statement	chief and council	unqualified	KPMG

*Source: Compiled by authors from audited statements, searchable at Canada (Undated).*

of the First Nation as at March 31, 2019, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian public sector accounting standards.<sup>10</sup>

Only one First Nation financial statement provide a basis of disclaimer opinion by the independent CPA auditor and that was for for Muskrat Dam’s consolidated statement, in which the auditor concluded that:

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibility under those

standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the First Nation in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my disclaimer of opinion.

Detailed program records have not been maintained and certain supporting data was not available for my audit. The absence of proper records does not permit the application of the necessary audit procedures to satisfy myself that the financial statements are not materially misstated. As a result, I was unable to determine whether adjustments were required in respect of all financial position and operations accounts.<sup>11</sup>

In contrast, qualified reports included wording such as that found in the Grant Thornton audit of the Membertou First Nation, which presented a qualified opinion:

We have audited the consolidated financial statements of the Membertou Reserve Band Council (the "First Nation"), which comprise the consolidated statement of financial position as at March 31, 2019, and the consolidated statement of operations, changes in net financial liabilities and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except as noted in the following paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of the company as at March 31, 2019 and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector policies.<sup>12</sup>

Some aspect of the audit may be found to be inadequate. The following note by BDO on the financial management of the fundraising arm of the Wabigoon Lake First Nation government provides evidence of a section of the organization that needs to improve its record management:

The First Nation derives some of its revenue from fundraising efforts, the completeness of which is not susceptible of [sic] satisfactory audit verification. Accordingly, our verification of these revenue [sic] was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to fundraising

revenue, excess of revenue over expenses and cash flow from operations for the years ended March 31, 2017, and 2018, current assets as at March 31, 2017, and 2018, and net assets as at April 1 and March 31 for both the 2017 and 2018 years.<sup>13</sup>

The “Approval” column of the audited financial statement usually reflects endorsement by chief and council. This is shown to emphasize, as the First Nations Financial Management Board states, that chief and council are responsible for ensuring management does its job in the best interests of the community. Council needs to understand the financial statements to make sure that the Nation is performing well. Chief and council have ultimate responsibility for the financial statements (FNFMB Undated).

### **Limitation of data comparison across First Nations**

While national and international accounting standards and auditing policies help to standardize audited accounts and best practices for First Nation financial management, not all First Nations organize their government management systems in the same way, nor do all report on the same administrative categories. For example, three of the First Nations in the sample, like Wabigoon Lake, declare fundraising as a revenue category. Eleven do not use fundraising or, if they do, do not report these funding drives as a separate accounting category. Two First Nations, Moosomin in Saskatchewan and Tsawwassen in BC, do not record revenue from their respected provinces. So, within the dataset, there are limitations based on the categories of revenue and expenditure being recorded.

Expenditures are even more fraught with limitations. For example, the Mattagami First Nation in Northern Ontario (not included in the sample) shows no expenditures under governance and administration (G&A), although it had a sitting chief and council. They may have subsumed G&A with operations and maintenance (O&M). It is highly unlikely that KPMG would have missed the G&A expenditures totally, so they may have apportioned G&A into other government reporting entities, including Band Support, Education, Health, O&M, and Social Services. In a comparable manner Moosomin, which is running some \$15.5 million in revenue and around \$13.6 million in expenditures, does not report expenditures in the Health, O&M, and the Business Enterprises categories, but does report some \$2.7 million under the heading of “Other” expenses and over \$5.2 million in Education.

The expenditures side of the database reflects the operational departments and reporting systems of each First Nation. There are clear differences here in how they report and as such there is no standardization across the entire dataset. It is not certain that what is reported within, for example, Band Support is the same across all First Nation audits. The criterion for Other Band Programs is given as “which do not meet the criteria for other segments.”

Half the sample declare expenditures under this general heading, the other seven do not.

Although all First Nations are effectively reporting through to the federal government with audited statements, the lack of standardization in reporting may reflect differences in the authorities and powers that various First Nations have drawn down or developed through time based on their treaty status. A large urban-based self-governing First Nation like the Kwänlin Dun in Yukon has a more complex and better funded government than, say, a small remotely located First Nation in Northern Ontario. But there is a second perspective that is worth reviewing and that is the federal government emphasis *on First Nation government accountability to their own people*, not to a standardized federal government reporting template. As one professor of accounting noted:

When I have been involved in financial management projects my role has been focused on informed decision making (trade-offs) and disclosure. The best examples I have seen of improved / tightened controls over First Nation spending has come from Chief / Chief & Council, with support from the community.<sup>14</sup>

## Revenues

First Nation government revenues are attributable to federal and provincial transfers and own- source funding. Own-source revenues – funding that does not come from government and is not under any form of non-Indigenous government control – is derived from various income streams tallied under the headings Rent/Businesses, Fundraising, and Other. In the case of the two modern treaty communities, Kwänlin Dun in Yukon and Tsawwassen in British Columbia, these communities own their lands in a form of fee simple tenure that allows them to rent, lease, and collect taxes from their landholdings and from Canadian taxpayers living on their land. Not all First Nations are active in all revenue income categories (Table 6).

For example, Tsawwassen records no financial transfers from British Columbia, while only three (Wabigoon Lake, Doig River, and Cowessess) acquire modest funding through fundraising efforts, such as corporate donations and community bingo. The Cowessess audit clearly defines fundraising under the category “bingo and fundraising activities” while Doig River uses the category “company sponsorship and donations,” which this study includes under fundraising.

The 14 communities in the sample had revenues amounting to \$434,319,446 or about \$16,900 per capita. Federal government transfers accounted for 53.5

**TABLE 6: SAMPLE FIRST NATION REVENUE**

<b>First Nation</b>	<b>Year</b>	<b>Federal</b>	<b>Provincial/ territorial</b>	<b>Rent/ business</b>	<b>Fund- raising</b>	<b>Fees, levies, taxes</b>	<b>Other</b>	<b>Total revenue</b>
Mattagami	2019	\$4,345,681	\$1,025,392	\$181,503			\$2,033,126	<b>\$7,585,702</b>
Wahnapiatae	2020	\$2,182,951	\$507,170	\$3,158,774			\$1,998,981	<b>\$7,847,876</b>
Wabigoon Lake Ojibway	2018	\$3,090,734	\$641,351	\$1,797,350	\$503,130		\$3,394,692	<b>\$9,427,257</b>
Canunawakna Dakota	2019	\$7,310,214	\$92,762	\$2,062,309			\$132,128	<b>\$9,597,413</b>
Doig River	2020	\$1,786,894	\$4,601,777	\$901,742	\$453,227		\$3,700,568	<b>\$11,444,208</b>
Moosomin	2020	\$10,226,934	-	\$808,387			\$4,438,172	<b>\$15,473,493</b>
Muskrat Dam	2020	\$9,466,857	\$1,822,320	\$2,910,063			\$2,958,103	<b>\$17,157,343</b>
Neskantaga	2018	\$13,463,176	\$1,231,994	\$962,839			\$2,374,237	<b>\$18,032,246</b>
Cowessess	2020	\$12,334,018	\$411,869	\$3,040,452	\$304,551		\$3,052,431	<b>\$19,143,321</b>
Buffalo River Dene	2020	\$12,406,129	\$2,868,628	\$1,138,061			\$3,952,216	<b>\$20,365,034</b>
Tsawwassen FLC	2020	\$10,343,203	-	\$3,656,127		\$4,512,404	\$2,357,167	<b>\$20,868,901</b>
Kwānlin Dun	2019	\$24,469,484	\$2,592,576	\$2,345,216		\$1,286,055	\$1,354,733	<b>\$32,048,064</b>
Maliseet Nation at Tobique	2020	\$23,215,174	\$2,228,581	\$18,309,506			\$10,539,615	<b>\$54,292,876</b>
Membertou	2019	\$19,164,260	\$166,273	\$45,997,810			\$1,268,351	<b>\$66,596,694</b>
Siksika Nation	2020	\$78,619,940	\$24,016,568	\$7,453,699		\$4,079,143	\$10,269,668	<b>\$124,439,018</b>

Source: Compiled by authors.

**TABLE 7: FUNDING AS A PERCENTAGE OF TOTAL BY SOURCE/  
CATEGORY**

Federal	53.5%
Provincial/territorial	9.7%
Rent/business	21.8%
Fundraising	2.6%
Other	12.4%
<b>Total</b>	<b>100.0%</b>

percent of all revenue generated by the 14 First Nations while 21.8 percent of their revenue was derived from own-source enterprises (Table 7). Transfers from the provincial and territorial governments accounted for only 9.7 percent of their total revenue, while fundraising (including bingo) tallied 2.6 percent. Once again, the rather impenetrable “Other” category accounted for 12.4 percent of the revenue that the audited statements certified. This includes funds recovered from bad debts and revenues from corporations through agreements and negotiations. For example, Doig River had considerable transfers from BC Hydro related to Site C construction work. The Maliseet/Tobique Nation projected “Other” revenue for 2020 of \$3.1 million which actually came in at a staggering \$10.5 million. A deeper review of the revenue by segment only shows this revenue listed under “Other” in the cross tabulations breaking out revenue and expenses by department.

Under “Federal funding,” most of the financial revenue the First Nations receive is from the department of Indigenous Services Canada, commonly followed by Health Canada and Canada Mortgage and Housing Corporation. But other federal source funding also occurs related to specific agreements. For example, the *Mi’kmaq Education Act* (S.C. 1998, c. 24) provides annual funding for Mi’kmaw Kina’matnewey, an organization that advocates for the educational interests of 12 Mi’kmaq communities in Nova Scotia. It is a corporation without share capital established for the purpose of supporting the delivery of educational programs and services by the federal government’s *Mi’kmaq Education Act* of 1998. This adds another \$4.6 million in federal funds to the Membertou Band’s revenue. On the Wabigoon Lake Ojibway audit, “note 15” on the consolidated financial statements refers to the dependency of this First Nation (and most First Nations in Canada) on federal government transfers:

Wabigoon Lake Lake Ojibway Nation received a major portion of its revenue pursuant to a funding arrangement with Indigenous and Northern Affairs Canada.<sup>15</sup>

As Table 8 shows, federal government transfers account from anywhere from as low as 15.6 percent in Doig River, BC, to the mid 70 percent range in Neskantaga, Ontario, Canupawakpa Dakota, Manitoba, and up to 76.4 percent for the Kwänlin Dun in Yukon, with the latter allocation tied to a treaty-based self-government agreement. The mid-range for dependency on federal funding falls at around 53.5 percent with eight First Nation governments receiving more than the average and six less. Very few of the First Nations in the sample receive substantial funding from the provincial level of government with the exceptions being Doig River in British Columbia at 40.2 percent, the Siksika Nation in Alberta at 19.3 percent (some \$24 million), and the Buffalo River Dene Nation in Saskatchewan at 14.1 percent. Nine of the First Nations in the sample receive less than 7 percent of their funding from provincial sources and four of those report funding levels of 1 percent or less. Except for Doig River with a 40 percent reliance on BC provincial funding, no First

**TABLE 8: FIRST NATION REVENUE AND A PERCENTAGE OF TOTAL REVENUE**

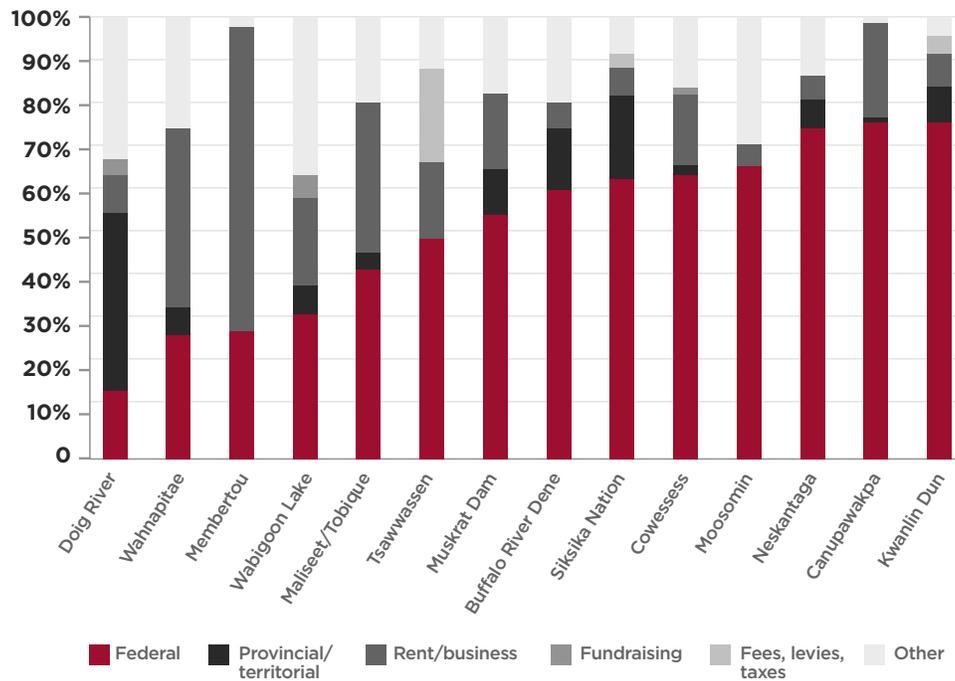
First Nation	Federal	Provincial/ territorial	Rent/ business	Fund- raising	Fees, levies, taxes	Other	Total revenue
Kwänlin Dun	76.4%	8.1%	7.3%	0%	4%	4.2%	100%
Canupawakpa	76.2%	1.0%	21.5%	0%	0%	1.4%	100%
Neskantaga	74.7%	6.8%	5.3%	0%	0%	13.2%	100%
Moosomin	66.1%	0%	5.2%	0%	0%	28.7%	100%
Cowessess	64.4%	2.2%	15.9%	1.6%	0%	15.9%	100%
Siksika Nation	63.2%	19.3%	6.0%	0%	3.3%	8.3%	100%
Buffalo River Dene	60.9%	14.1%	5.6%	0%	0%	19.4%	100%
Muskrat Dam	55.2%	10.6%	17.0%	0%	0%	17.2%	100%
Tsawwassen	49.6%	0%	17.5%	0%	21.6%	11.3%	100%
Maliseet Nation at Tobique	42.8%	4.1%	33.7%	0%	0%	19.4%	100%
Wabigoon Lake Ojibway	32.8%	6.8%	19.1%	5.3%	0%	36.0%	100%
Membertou	28.8%	0.2%	69.1%	0%	0%	1.9%	100%
Wahnapitae	27.8%	6.5%	40.3%	0%	0%	25.5%	100%
Doig River	15.6%	40.2%	7.9%	4%	0%	32.3%	100%

*Source: Compiled by authors.*

Nation in the sample received more than 20 percent of their total revenue from provincial funding. If Doig River, as the extreme outlier, were removed from the sample, provincial transfers accounted for an average of just under 6 percent of total revenue for the other First Nations in the sample.

First Nations vary substantially in how they generate their revenue, reflecting geographic and/or market opportunities. For example, proximity to oil and gas fields, to a major hydropower dam, or having pipelines, rail, or highways transecting traditional lands can help generate considerable own-source revenues. These funds are generally subsumed under the heading “Other Revenue,” as in funds acquired through negotiations related to resource extraction revenue-sharing, or rights of way, or compensation for flooded lands and loss of usufructuary rights (i.e., the right to use property belonging to another). For example, Doig River earned just under \$2.5 million from oil and gas companies in fiscal years 2019 and 2020 while the Wabigoon Lake

**FIGURE 5: FIRST NATION REVENUE STREAMS AS A PERCENTAGE OF TOTAL**



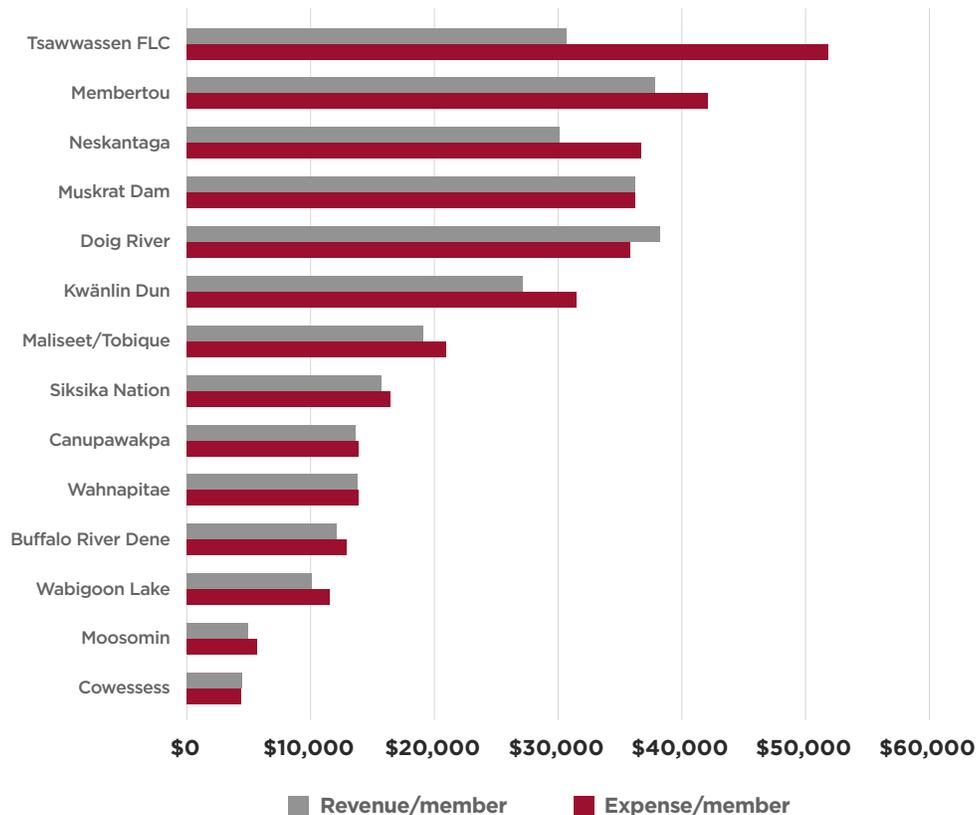
Ojibway First Nation received just over \$1.8 million from the Nuclear Waste Management Organization in both 2017 and 2018.

Figure 5 provides an overview of First Nation revenue and clearly shows the dependency on federal transfers under the *Indian Act*. This dependency is commented upon by the MNP auditors for Cowessess in what must be a formulaic auditors’ note regarding economic dependence:

Cowessess First Nation #73 receives a significant portion of its revenue from Indigenous Services Canada (“ISC”) as a result of Treaties entered into with the Government of Canada. These treaties are administered by ISC under the terms and conditions of the Indian Act. *The ability of the Nation to continue operations is dependent upon the Government of Canada’s continued financial commitments as guaranteed by these treaties.* (emphasis added)<sup>16</sup>

This auditor’s note, or one similar, can be found in most of the auditors’ statements reviewed in this study, except for Membertou, which derives less than 30 percent of its revenue from Canada and almost none from Nova Scotia. Membertou has revenues from businesses and rents amounting to

**FIGURE 6: EXPENSES AND REVENUE PER CAPITA (BY FIRST NATION MEMBER)**



69.1 percent of its total revenue of just under \$46 million. If a First Nation is looking to move towards economic self-sufficiency and away from dependence on Treaty dollars, then the Membertou model that has been the focus of various academic studies requires particular attention (Kayseas, Hindle, and Anderson 2006; Johnstone 2008), particularly as Membertou is effectively operating under the *Indian Act* and is not a self-governing First Nation with a modern treaty, such as Tsawwassen or the Kwänlin Dun First Nations.

The funds provided by the government of Canada are neither a “gift” to the community nor a recognition of their “special status” as Indigenous peoples. Most of the money covers costs associated with education, health care, social housing, and basic infrastructure – federal government duties that are discharged in other jurisdictions by provincial and municipal governments or federal agencies. In other words, and the distinction is critical, most federal government support for First Nations governments is consistent with allocations provided for all Canadians and services provided through other levels of government. Only a comparatively small percentage of the total allocation to First Nations is delivered in recognition of the special status or

unique legal and political position of First Nations. The myth of government generosity to First Nations remains pervasive in Canada but is a severe misrepresentation of the financing of Indigenous communities.

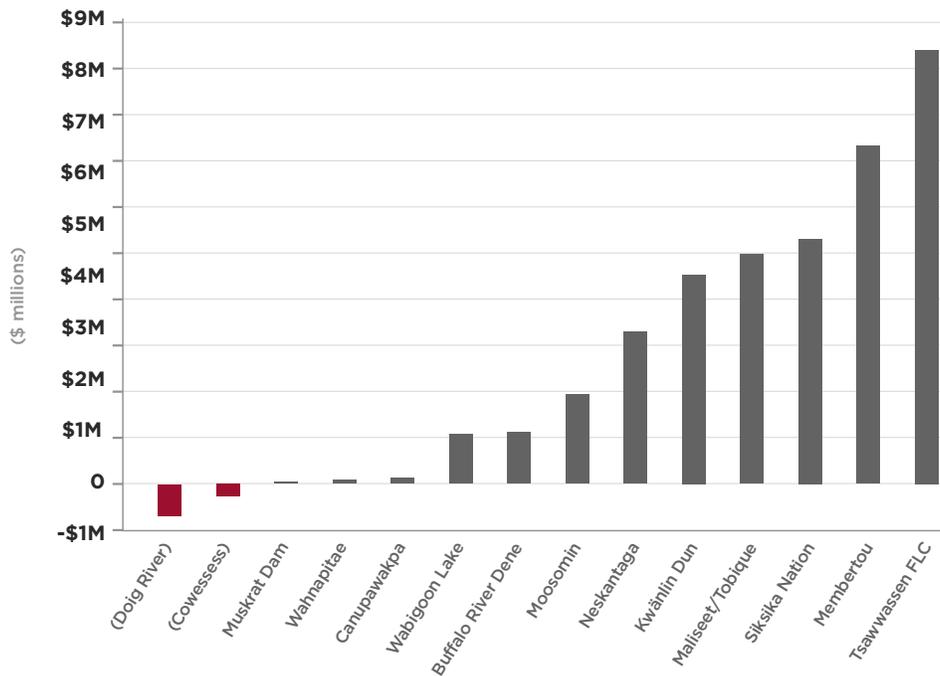
Another way to interpret First Nation revenue is by revenue generated per capita using the total membership number as the denominator, as in Figure 6. Tsawwassen and Membertou are far ahead of the other First Nation communities generating surpluses of \$6.7 and \$8.5 million each. They are both urban First Nations with substantial landholdings and generate considerable revenue from that land base. These are commercially oriented communities capable of generating wealth from commercial land use, gathering rents and taxes. However, three other rural and remote First Nations (Neskantaga and Muskrat Dam in Northern Ontario, and Doig River in BC) generate more than \$35,000 in revenue per community member, but Doig River and Muskrat Dam have exceedingly high expenditures per capita, and the urban Whitehorse Kwänlin Dun community generates around \$31,500 per member.

*Most federal government support for First Nations governments is consistent with allocations provided for all Canadians.*

However, half of the communities examined had revenues of less than \$14,000 per capita, while the two Saskatchewan communities of Moosomin and Cowessess had per capita revenues of only \$5270 and \$4439, respectively. In essence, Tsawwassen generated 10 times more revenue in BC's Lower Mainland than Cowessess in rural Saskatchewan, while Membertou with its hotel, casino, retail commercial buildings, and residential developments bordering Sydney, Nova Scotia, was generating around 10 times more revenue per capita than Moosomin. Three of the smaller remote communities with populations of between only 300 and 500 (Neskantaga, Muskrat Dam, and Doig River) actually have high per capita revenues but the latter two have expenditures per capita that match or exceed their revenue. The urban-based Kwänlin Dun also have revenues that exceed \$30,000 per capita and generate a surplus of \$4.4 million. While neither the Maliseet Nation at Tobique nor the Siksika Nation generate high revenue per capita, they manage their expenditures effectively and generate considerable surpluses of \$4.75 and \$5 million respectively (Figure 7).

A review of Membertou's assets and investment quickly demonstrates the financial independence of the First Nation from Ottawa. Its consolidated statement of operations shows a diverse range of revenues from fisheries

**FIGURE 7: FIRST NATION ANNUAL SURPLUS BASED ON ANNUAL AUDITED STATEMENTS (IN \$ MILLIONS)**



(\$3.8 million), rental (\$2.1 million), commercial sales (which likely includes casino revenue, totalling \$41 million), and government transfers (just over \$19 million), as well as a substantial “other” revenue (\$1.3 million). These exceed the budgeted revenue expected by some \$7.7 million for a population of 1583 members. The auditors noted that the band “has elected to use hedge accounting... A prime plus 1.5% mortgage has been hedged with a 3.495% fixed interest rate swap to mitigate the effect of changes in interest rates.”<sup>17</sup>

To get some idea of the breadth of the Membertou First Nation’s commercial activities the Membertou corporate website listed 11 corporate divisions including a data centre, a GIS land surveying firm, gaming and a casino, a seafood company, a conference centre, and various tourism and entertainment arms as well as strategic partnerships including Hilton Hotels (Membertou Undated).

In March 2019, Membertou had capital assets in land, buildings, infrastructure, housing properties, fishing vessels and equipment, other equipment, motor vehicles, computer hardware and software, office equipment, parking lots, leasehold improvements, signage, and assets under construction valued at \$128,349,656 after depreciation.<sup>18</sup>

# Own-source revenue and First Nation finances

In their 2015 report from the CD Howe Institute on First Nations own-source revenue, Richards and Krass used a sample of 68 Ontario First Nation audit reports from 2013 and 2014 and found that own-source revenue constituted, on average, 31 percent of total band revenues, funding from Aboriginal Affairs and Northern Development Canada stood at 44 percent, and revenue from other government agencies accounted for 25 percent.

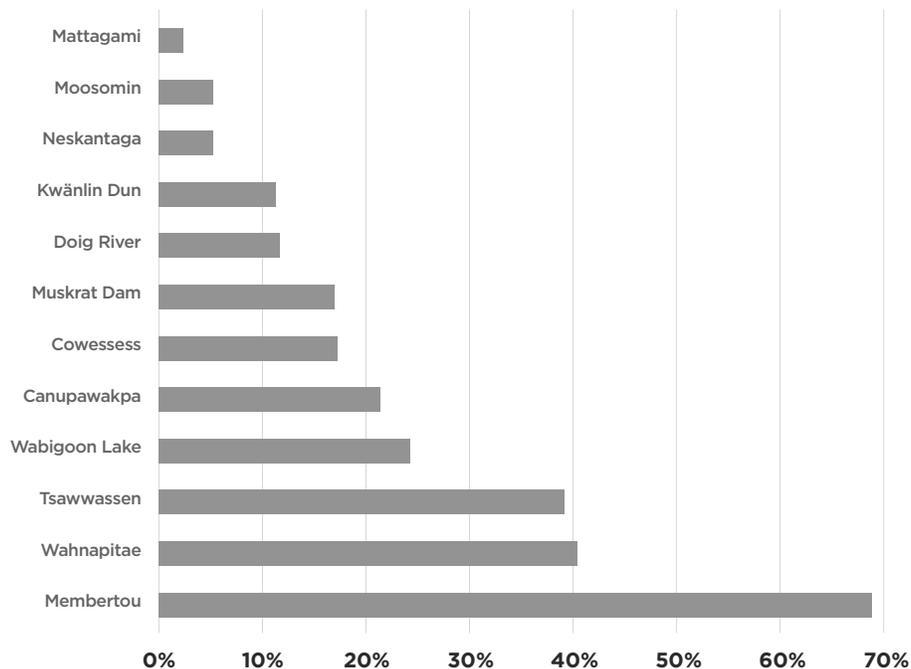
Their analysis of a sample of 72 *First Nations Financial Transparency Act* Ontario filings covering the fiscal years 2013 and 2014 found that own-source revenue comprises, on average, nearly one-third of total First Nations revenues. They found that First Nations with higher per capita own-source revenue increase spending on economic development activities, but only modestly increase spending on education and health. First Nations also undertake large increases in spending on general government and business management. Richards and Krass asked whether large increases in this last category were warranted, which is an important question for members of First Nations to address.

Richards and Krass (2015) allocate Indigenous revenue into three categories:

- grants from Aboriginal Affairs and Northern Development Canada were earmarked for basic services such as schools as well as basic band governance;
- grants from other government agencies, such as Canada Mortgage and Housing Corporation, and minor sources not included elsewhere; and
- own-source revenue that arises from diverse market-based activities ranging from gambling casinos to Industrial Benefit Agreements (IBAs) negotiated with resource developers.

Richards and Krass recognized that using own-source funding for education and health programming has severe limitations due to the volatility of revenues from external sources. These revenues commonly come from natural resource sales or revenue-sharing agreements or from sources such as gaming, which can be affected by economic downturns, competition, or even legal issues. That own-source revenue from business and investment activity is being used to fund essential public goods such as education and health indicates either a failed or inadequate federal financing system or a problem with existing delivery vehicles. This is especially the case when educational attainment levels are compared for First Nations against Canadian averages.

**FIGURE 8: ESTIMATE OF OWN-SOURCE REVENUE AS A PERCENT OF TOTAL**



Richards and Krass found that 41 percent of the First Nations in their sample experienced year-over-year changes of 30 percent or more in own-source revenue, but only 9 percent of bands changed their education budgets by 30 percent or more between fiscal years 2012/13 and 2013/14. As they note, “social program budgets should be stable.”

Five of the sampled communities in this study have a 20 percent or higher reliance on own-source revenue for their total revenue; three of them are in the range of 40 percent or more. Between 2017 and 2020, own-source revenue contributed to the finances of all of the First Nations in our sample (Figure 8) but was limited to under 6 percent for Moosomin, Neskantaga, Buffalo River Dene, and the Siksika Nation. On average, First Nations appear to rely on own-source revenue for 19.5 percent of their total revenue, a figure clearly skewed by the high own-source revenue figures generated by Membertou and considerably less than found by Richards and Krass in their 2015 Ontario case study.

For small and often remotely located First Nations adjusting to, say, a 10 percent or greater downturn in revenues due to the loss of own-source revenue would be difficult to accommodate. It takes years to build and invest in businesses and projects; economic opportunities are often very limited

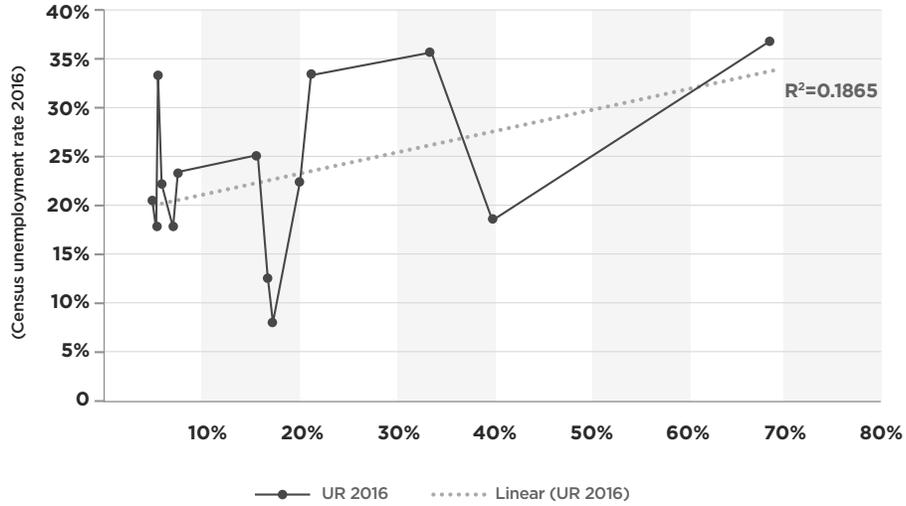
for First Nations, while their political and economic resiliency is generally not seen as high. Membertou, one of Canada's most successful First Nations with a substantial base in urban land development, gaming, and commercial real estate, is currently relying on own-source revenue for 69 percent of its total funding. How this translates through the current multi-year pandemic will test their management abilities and their bankers' willingness to extend support throughout the pandemic. Membertou listed 32 outstanding loan and mortgage instruments in its 2019 audited statement valued at \$65.1 million prior to the pandemic, much of it financing commercial ventures and housing. Even with this substantial economic base, Membertou reported a 36.6 percent unemployment rate in 2016.<sup>19</sup>

Own-source revenue is one way for First Nations to address the need to finance the delivery of public goods and services to their members. But is own-source revenue making a difference? Are First Nations with higher own-source revenue doing a better job of such variables as reducing unemployment or keeping youth in education? Sadly, the data available to us is imperfect. First Nation community data at the level required for comparison to own-source revenue is only collected through the census. As such, we will need to wait until the 2021 census results for First Nations are published later in 2022 to undertake a more comprehensive analysis. What is currently available are 2016 census results from which we can determine unemployment rates and the percentage of the population without high school who are aged 15+ and living on-reserve, as shown earlier in Table 2.

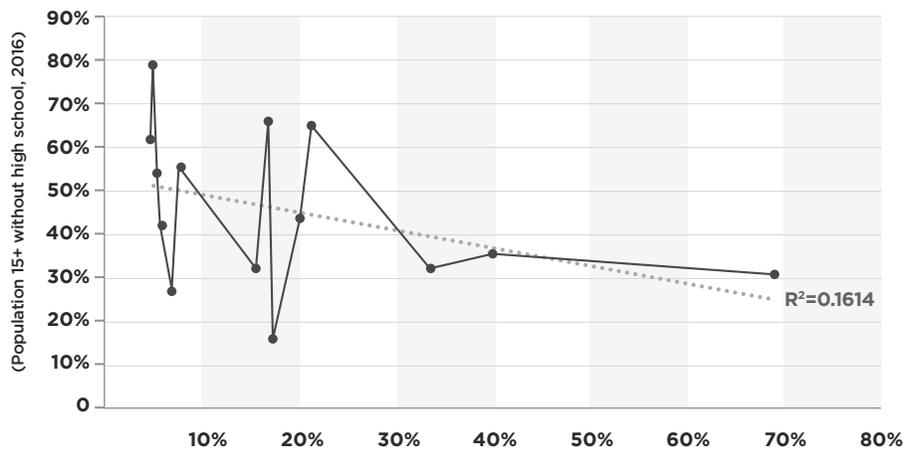
Figures 9 and 10 predate the own-source revenue data derived from the audited statements but are perhaps indicative of the limited impact of own-source revenue on these two key socio-economic indicators. There really is no correlation between higher levels of own-source revenue funding and improved labour market outcomes or educational outcomes. Richards and Krass had concluded that First Nations increased spending on economic development but less so on health and education spending when their own-source revenues increased. If they were spending more on economic development one would assume a better fit between own-source revenue spending and labour outcomes, but this does not appear to be the case. Their finding that First Nations did not spend own-source revenue on education appears to be supported by the weak correlation of high school outcomes and own-source revenue levels.

Figure 9 appears to indicate an inverse relationship in which higher own-source revenue correlates positively with higher unemployment rates, perhaps suggesting an early position in the cycle as First Nations with high unemployment rates focus their attention on increasing own-source revenue opportunities to address the socio-economic problem of high unemployment rates. Again, this is a small sample, and the two sets of data are not perfectly aligned, as noted above.

**FIGURE 9: UNEMPLOYMENT RATE, 2016, PLOTTED AGAINST PERCENTAGE OF OWN SOURCE REVENUE AS A PERCENTAGE OF TOTAL**



**FIGURE 10: POPULATION AS A PERCENTAGE WITHOUT HIGH SCHOOL 15+ ON-RESERVE, 2016, PLOTTED AGAINST OWN SOURCE REVENUE AS A PERCENTAGE OF TOTAL REVENUE, 2018-2020**



# Expenditures

A look at First Nation expenditures shows that there is a wide variation among First Nations relating to their spending priorities and their service and administrative responsibilities. There is just no discernible pattern.

Each First Nation has unique priorities based on the social and economic challenges they face as well as the priorities that the community is setting for itself. Furthermore, the funding often represent “drawdowns” of government responsibilities from other levels of government, with self-government agreements and project and service contracts providing the funding to cover these duties. Some First Nations may be able to piggyback on provincial or municipal services in their region and, as such, reduce the costs associated with certain expenses. Others have smaller budgets because they may not be able to, or may not want to, draw on the federal services in areas as social services or health.

Collectively, the 14 First Nations in the sample spent just under \$391 million through their government programs with the highest percentage of expenditure being for education (17.7 percent), which clearly reflects a recognition of the value of education in these communities and the need to fund their own programs and youth as they strive to succeed within the settler society-dominated educational system (Table 9). Not unexpectedly, the next highest expenditure is on governance and administration at 14.9 percent, a category dominated by salaries, wages, and benefits. Social services, which if combined with health (11.1 percent) would account for 24.2 percent of all expenditures, is listed third, while capital projects and housing drops to fourth place in the spending categories. Housing, though, is possibly split between building new capital housing projects and O&M (where maintenance costs associated with the aging housing stock that most First Nations need to manage is attributed). Most bands manage a considerable housing stock, which, as noted earlier, is older, overcrowded, and often not suited for purpose. Investing in new housing is a high priority across the spectrum of Indigenous settlements in Canada.

The considerable allotment of government funds directed at business enterprise (11.4 percent) was unexpected and may indicate an increasing recognition by First Nations of the need to invest in business opportunities in order to build value and future revenue as well as create job opportunities in communities that often lack economic opportunities. Finally, the “Other” and “Band programs” categories are problematic. Reviewing individual accounting line items indicates that a high percentage of these funds could be reallocated to defined government departments. For example, student support under the Band programs category could be allocated to education, social services could manage financial support for elders, while governance and administration or housing and capital projects could manage amortization and interest payments.

**TABLE 9: PERCENTAGE OF TOTAL EXPENDITURE BY DEPARTMENT/ SEGMENT**

Education	17.7%
Governance and administration	14.9%
Social services	13.1%
Capital and housing	12.0%
Business Enterprise	11.4%
Health	11.1%
Other	9.2
Operations and Maintenance	8.4%
Band programs	4.4%
<b>Total</b>	<b>100.0%</b>

There are considerable differences in spending priorities and public service and administrative responsibilities among the First Nations. There is just no discernible pattern as Table 10, 11 and Figure 11 show. Each First Nation has its own unique priorities based on its specific social and economic challenges as well as the priorities that the community sets for it. Furthermore, the spending priorities may include accepting responsibilities from other levels of government, such as land management, health, education, or child welfare.

First Nation government spending reflects local needs. For example, capital projects and housing (Table 10) appear to be priorities and the focus of special government funding allocations for the Muskrat Dam, Canupawakpa Dakota, and the Kwänlin Dun First Nation, all of which spend more than the average per capita on housing and capital projects. Likewise, four the First Nations (Tsawwassen, Neskantaga, Canupawakpa Dakota, and Kwänlin Dun) spent more than the group average on education. Several First Nations list no expenditures for health, social services, business enterprise, or even for O&M. While these absences could be due to differences in internal accounting (the excessive use of the Band and Other categories), in some cases the First Nations may just not be active in these fields of government services, being reliant on municipal, provincial, or federal service delivery.

This is illustrated by Table 11 which shows the highest per capita amount that each First Nation spent on a particular category. The data reveals wide ranges between the highest per capita spent to the lowest. For example, three First Nations reported that they spent nothing on business enterprise and one spent only \$16 per capita. Membertou spent \$11,265 per capita on business support and development and Maliseet-Tobique spent \$7305. Education also provides an example of this divergence in expenditure. The Tsawwassen

**TABLE 10: TOTAL FIRST NATION GOVERNMENT SPENDING BY CATEGORY**

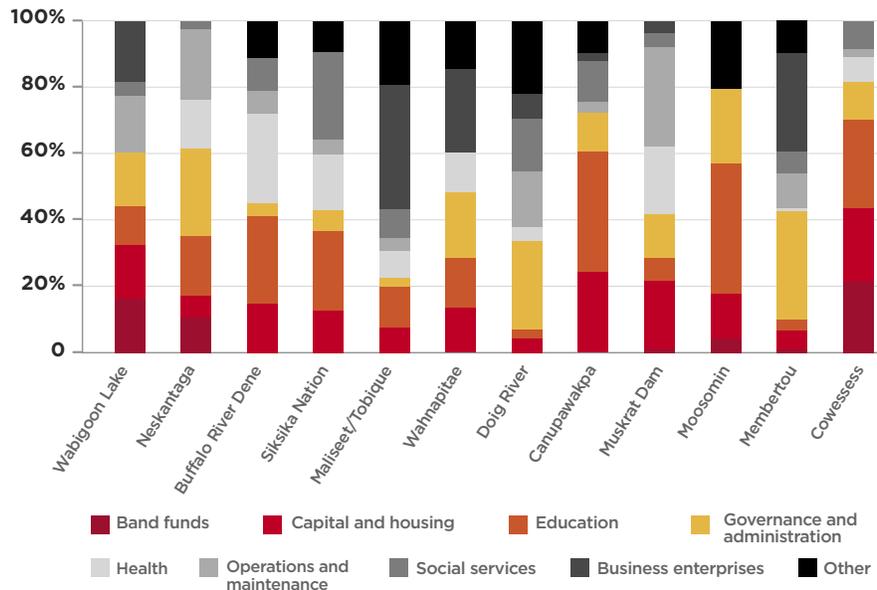
First Nation	Pop.	Band funds	Capital/ housing	Education	Governance/ administration	Health	Operations/ maintenance	Social services	Business/ enterprise	Other	Total expense
Siksika Nation	7564	0	\$15,842,671	\$28,847,660	\$7,634,056	\$19,919,801	\$5,088,099	\$31,193,684	\$850,273	\$10,055,853	<b>\$119,432,097</b>
Membertou	1583	\$1,014,278	\$3,645,766	\$1,595,739	\$19,284,448	\$954,738	\$6,266,707	\$4,102,540	\$17,833,129	\$5,138,582	<b>\$59,835,927</b>
Maliseet/Tobique	2593	0	\$3,892,909	\$6,209,151	\$1,466,472	\$3,913,127	\$1,984,619	\$4,060,108	\$18,941,343	\$9,081,132	<b>\$49,548,861</b>
Kwänlin Dun	1018	-	\$4,244,580	\$3,264,488	\$8,211,409	\$3,393,578	\$4,244,580	\$3,264,488	\$1,052,294	-	<b>\$27,675,415</b>
Cowessess	4313	\$4,306,648	\$4,281,757	\$5,123,293	\$2,167,176	\$1,526,148	\$466,955	\$1,554,193	-	-	<b>\$19,426,170</b>
Buffalo River Dene	1583	0	\$3,024,338	\$5,004,680	\$807,424	\$5,194,536	\$1,301,398	\$1,811,287	-	\$2,090,621	<b>\$19,234,284</b>
Muskrat Dam	473	\$301,932	\$3,537,712	\$1,152,438	\$2,297,899	\$3,411,599	\$5,150,496	\$673,046	\$623,726	-	<b>\$17,148,848</b>
Neskantaga	492	\$1,617,224	\$1,007,185	\$2,665,130	\$3,842,586	\$2,239,904	\$3,097,586	\$325,844	-	-	<b>\$14,795,459</b>
Moosomin	2705	\$684,979	\$1,844,650	\$5,268,987	\$3,090,532	-	-	-	-	\$2,661,440	<b>\$13,550,588</b>
Tsawwassen	403	-	-	\$4,092,318	\$2,110,939	\$1,341,218	\$1,252,895	\$670,609	\$670,609	\$2,247,559	<b>\$12,386,147</b>
Doig River	319	-	\$622,085	\$327,560	\$3,228,360	\$545,324	\$2,038,709	\$1,930,504	\$888,963	\$2,638,626	<b>\$12,220,131</b>
Canunawakna	688	\$76,987	\$2,297,657	\$3,416,558	\$1,089,417	-	\$340,755	\$1,192,414	\$160,889	\$895,881	<b>\$9,470,558</b>
Wabigoon Lake	819	\$1,394,534	\$1,394,534	\$928,295	\$1,394,534	-	\$1,394,534	\$372,889	\$1,460,433	-	<b>\$8,339,753</b>
Wahnapitae	563	-	\$1,108,435	\$1,147,862	\$1,494,805	\$1,036,759	-	-	\$1,913,249	\$1,082,916	<b>\$7,784,026</b>
<b>Totals</b>	<b>13,989</b>	<b>\$9,396,582</b>	<b>\$46,744,279</b>	<b>\$69,044,159</b>	<b>\$58,120,057</b>	<b>\$43,476,732</b>	<b>\$32,627,333</b>	<b>\$51,151,606</b>	<b>\$44,394,908</b>	<b>\$35,892,610</b>	<b>\$390,848,264</b>
<b>Average expenditure by category as a % of total</b>		<b>2.40%</b>	<b>11.96%</b>	<b>17.67%</b>	<b>14.87%</b>	<b>11.12%</b>	<b>8.35%</b>	<b>13.09%</b>	<b>11.36%</b>	<b>9.18%</b>	<b>100.00%</b>

**TABLE 11: FIRST NATION PER CAPITA EXPENDITURES FROM CONSOLIDATED FINANCIAL ACCOUNTS**

First Nation	Pop.	Band funds	Capital/housing	Education	Governance/administration	Health	Operations/maintenance	Social services	Business/enterprise	Other	Total expense
Doig River	319	-	\$1950	\$1027	\$10,120	\$1709	\$6391	\$6052	\$2787	\$8272	<b>\$38,308</b>
Membertou	1583	\$641	\$2303	\$1008	\$12,182	\$603	\$3959	\$2,592	\$11,265	\$3246	<b>\$37,799</b>
Muskrat Dam	473	\$638	\$7479	\$2436	\$4858	\$7213	\$10,889	\$1423	\$1319	-	<b>\$36,255</b>
Tsawwassen	403	-	-	\$10,155	\$5238	\$3328	\$3109	\$1664	\$1664	5577	<b>\$30,735</b>
Neskantaga	492	\$3287	\$2047	\$5417	\$7810	\$4553	\$6296	\$662	-	-	<b>\$30,072</b>
Kwänlin Dun	1018	-	\$4147	\$3207	\$8066	\$3334	\$4170	\$3207	\$1034	-	<b>\$27,186</b>
Maliseet/Tobique	2593	-	\$1501	\$2395	\$566	\$1509	\$765	\$1566	\$7305	\$3502	<b>\$19,109</b>
Siksika Nation	7564	-	\$2094	\$3814	\$1009	\$2634	\$673	\$4124	\$112	\$1329	<b>\$15,790</b>
Wahnapitae	563	-	\$1969	\$2039	\$2655	\$1841	-	-	\$3398	\$1923	<b>\$13,826</b>
Canupawakpa	688	\$112	\$3340	\$4966	\$1583	-	\$495	\$1733	\$234	\$1302	<b>\$13,765</b>
Buffalo River Dene	1583	-	\$1,911	\$3162	\$510	\$3281	\$822	\$1144	-	\$1321	<b>\$12,151</b>
Wabigoon Lake	819	\$1703	\$1703	\$1133	\$1703	-	\$1703	\$455	\$1783	-	<b>\$10,183</b>
Moosomin	2705	\$253	\$682	\$1948	\$1143	-	-	-	-	\$984	<b>\$5009</b>
Cowessess	4313	\$999	\$993	\$1188	\$502	\$354	\$108	\$360	-	-	<b>\$4504</b>
<b>Average per capita spending by category</b>		<b>\$1090</b>	<b>\$2472</b>	<b>\$3135</b>	<b>\$4139</b>	<b>\$2760</b>	<b>\$3282</b>	<b>\$2082</b>	<b>\$3090</b>	<b>\$3051</b>	<b>\$21,049</b>

**Legend:** Highlighted text indicates highest per capita spending in each category.

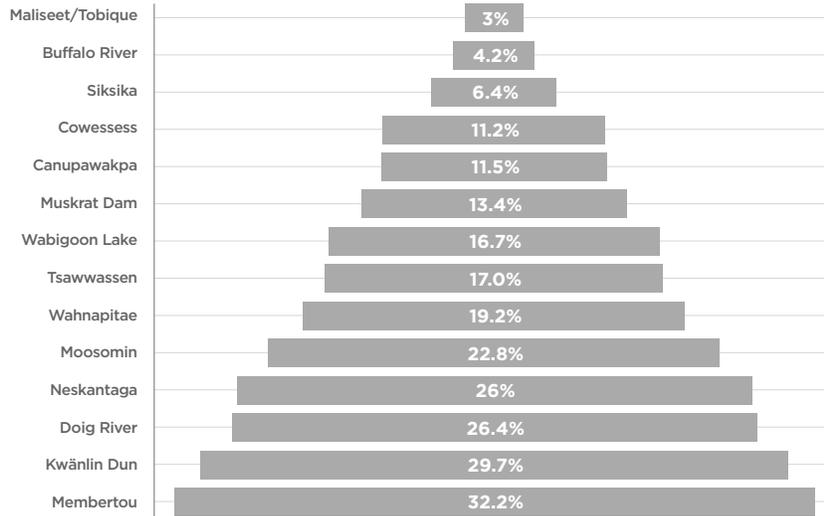
**FIGURE 11: FIRST NATIONS EXPENSES AS A PERCENTAGE OF TOTAL**



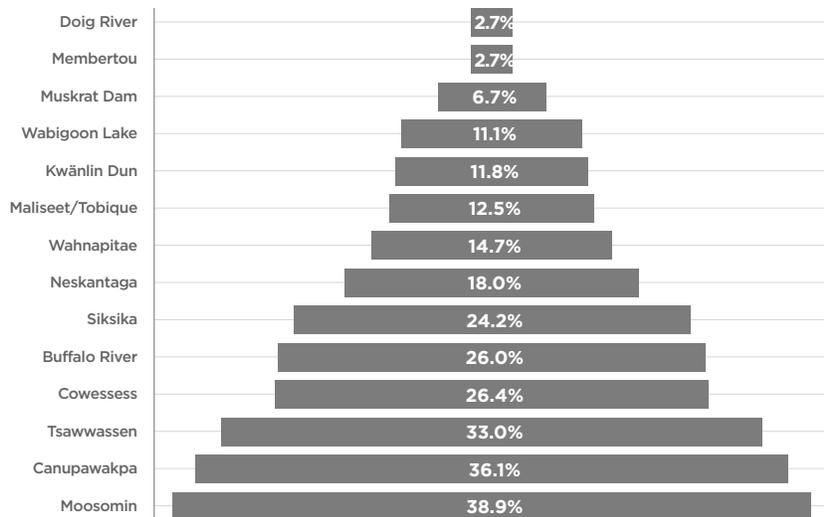
First Nation spent \$10,155 per capita on educational programs and support while equally well-funded and urban Membertou spent the least, at only \$1008 per capita. Small and remote Muskrat Dam spent the most of any First Nation on health at \$7213 per capita, while Cowessess in Saskatchewan, with reasonable proximity to medical services in Regina and smaller local health service centres, spent only \$354 per capita on health for its citizens. This does not mean that Cowessess’ members are offered fewer health services; they be able to access Saskatchewan’s medical services more readily than the remote Muskrat Dam population can its provincial services. Doig River appears to be spending a substantial amount of its funds on social services at \$6052 per capita, well above the average expenditure (\$1883) on this category in the sample. Doig River may have more social issues, may have taken more provincial or federal services down to the First Nations level, or may have been proactive in developing its own culturally sensitive community-based social services.

Figure 11 illustrates the divergence of First Nation government expenditures (the two self-governing First Nations of Kwänlin Dun and Tsawwassen are not included here because of the striking differences in modern treaty-related budgets). It appears that each First Nation has its own priorities, probably set by the community itself in response to its needs, its opportunities, and its socio-economic condition. Added to this is the inconsistent and diverse accounting systems and categorization of reporting entities that makes it difficult to analyse and compare expenditures across the sample.

**FIGURE 12: FIRST NATION EXPENDITURE ON GOVERNANCE AND ADMINISTRATION AS A PERCENTAGE OF TOTAL EXPENSES**



**FIGURE 13: FIRST NATION EXPENDITURE ON EDUCATION AS A PERCENTAGE OF TOTAL EXPENSES**



The proportion that each First Nation spends on G&A and education (Figures 12 and 13) reveal substantial variation and are again difficult to compare due to the variations in accounting practices between the First Nations. The Maliseet/Tobique in New Brunswick appear to spend only 3 percent of their annual budget of \$49.5 million on G&A while the Membertou First Nation in

Nova Scotia spends 32.2 percent of its considerable annual budget of some \$60 million on G&A. There is also a massive range on spending on education from between 2.7 percent in Membertou, Nova Scotia, and Doig River, BC, to 38.9 percent by the Moosomin First Nation in Saskatchewan.

The Schedule of Expenses by Object from the Canupawakpa Dakota First Nation (CDFN) audit makes it possible to better understand the expenses of one First Nation in some detail (Table 12). CDFN had an “unqualified opinion” on its audited financial statement for 2019. So although the First Nation government went over budget by some \$3.2 million or 53 percent of its working budget for the year, its accounting procedures for this overspending were properly accounted for and explained to the satisfaction of the auditors. Indeed, the expenses budget was overdrawn on 23 of 35 line items. However, \$1.56 million of this overspending was attributable to one line item, “project expenses,” within the housing branch of government, which probably reflects a grant of new housing money that was unplanned in the First Nation’s budgeting process. This amount is countered by an Indigenous Services Canada housing grant of almost the same amount (\$1.54 million). The professional fees (over \$340,000) that account for the third largest overspending item may be attributable to the incremental costs of staging a major housing program such as the fees for architects, engineers, planners, and other professional services. It is also informative to review where the First Nation underspent on its budget allocations in 2019. Given that the CDFN has 65.1 percent of its population age 15+ listed as being without a high school certificate (Census 2016) it is surprising to see that three of its largest underspent budget items were tuition (\$121,901), student allowances (\$85,810), and training (\$38,335).

One of the roles of the audit is to help develop future budget documents. Assuming that annual audits are occurring, it seems unusual that the First Nation would leave out depreciation or amortization of its equipment, buildings, vehicles, and other assets. As Table 13 shows, CDFN did not include amortization in its budget planning and, as such, had an \$809,850 budget shortfall. Other budget planning issues stand out as well, including not accounting for property taxes or budgeting for deaths and funerals, which in many First Nation communities are supported by their government. Under budgeting also occurred for the repairs and maintenance, insurance (which could be tied to the major construction project), travel costs, fuel, and other categories shown in Table 13. Salaries and benefit overages may again have been related to hiring staff in housing and accounting to manage the major project. However, overages for community support, basic needs, and benefits speak to an underestimation of the social issues facing the community. In total, these three social needs overages added \$128,512 to a budget originally set at \$718,000. One would hope that the 2020 budget planning process caught these oversights and corrected them.

**TABLE 12: CANUPAWAKPA DAKOTA NATION 2019;  
SCHEDULE 2 - SCHEDULE OF EXPENSES BY OBJECT**

<b>Expense by object</b>	<b>Budget 2019</b>	<b>Expenses 2019</b>	<b>Difference</b>
Project expenses	\$163,702	\$1,682,915	<b>-\$1,519,213</b>
Amortization	-	\$809,850	<b>-\$809,850</b>
Professional fees	\$177,050	\$518,155	<b>-\$341,105</b>
Repairs and maintenance	\$181,802	\$496,700	<b>-\$314,898</b>
Salaries and benefits	\$1,868,940	\$2,006,143	<b>-\$137,203</b>
Insurance	\$18,760	\$141,323	<b>-\$122,563</b>
Community support	\$102,000	\$187,720	<b>-\$85,720</b>
Travel	\$161,049	\$223,740	<b>-\$62,691</b>
Fuel	\$65,000	\$115,245	<b>-\$50,245</b>
Property tax	-	\$42,033	<b>-\$42,033</b>
Administration	\$106,638	\$141,748	<b>-\$35,110</b>
Basic needs	\$597,723	\$628,363	<b>-\$30,640</b>
Utilities	\$192,800	\$215,049	<b>-\$22,249</b>
Program expenses	\$178,447	\$198,472	<b>-\$20,025</b>
Honoraria	\$132,600	\$150,771	<b>-\$18,171</b>
Office supplies	\$57,100	\$74,364	<b>-\$17,264</b>
Benefits	\$18,214	\$30,366	<b>-\$12,152</b>
Bank charges and interest	\$1669	\$11,802	<b>-\$10,133</b>
Rent	\$36,000	\$44,747	<b>-\$8,747</b>
Pension	\$18,259	\$24,431	<b>-\$6,172</b>
Telephone and internet	\$42,659	\$47,533	<b>-\$4,874</b>
Funerals and wakes	-	\$4,247	<b>-\$4,247</b>
Vehicle	-	\$2,230	<b>-\$2,230</b>
Bad debts (recovery)	-	<b>-\$4,522</b>	<b>\$4,522</b>
Cash shortage	-	<b>-\$2,134</b>	<b>\$2,134</b>
Commission and machine rental	\$137,500	\$130,809	<b>\$6,691</b>
Confectionary	\$250,800	\$235,037	<b>\$15,763</b>
Election fees	-	-	<b>\$0</b>
Fire protection agreement	\$18,000	\$18,000	<b>\$0</b>
Interest on long-term debt	\$127,719	\$66,200	<b>\$61,519</b>
Shelter allowance	\$117,600	\$104,349	<b>\$13,251</b>
Special needs	\$26,140	\$25,284	<b>\$856</b>
Student allowance and activities	\$180,125	\$94,315	<b>\$85,810</b>
Supplies	\$117,951	\$67,854	<b>\$50,097</b>
Training	\$115,889	\$77,554	<b>\$38,335</b>
Tuition	\$983,996	\$862,095	<b>\$121,901</b>
<b>Totals</b>	<b>\$6,196,132</b>	<b>\$9,472,788</b>	<b>-\$3,276,656</b>

**TABLE 13: CANUPAWAKPA DAKOTA NATION 2019; SCHEDULE 2 - SCHEDULE OF EXPENSES BY OBJECT MAJOR OVER BUDGET ITEM**

<b>Expense by object</b>	<b>Budget 2019</b>	<b>Expenses 2019</b>	<b>Over budget</b>
Project expenses	\$163,702	\$1,682,915	\$1,519,213
Amortization	-	\$809,850	\$809,850
Professional fees	\$177,050	\$518,155	\$341,105
Repairs and maintenance	\$181,802	\$496,700	\$314,898
Salaries and benefits	\$1,868,940	\$2,006,143	\$137,203
Insurance	\$18,760	\$141,323	\$122,563
Community support	\$102,000	\$187,720	\$85,720
Travel	\$161,049	\$223,740	\$62,691
Fuel	\$65,000	\$115,245	\$50,245
Property tax	-	\$42,033	\$42,033
Administration	\$106,638	\$141,748	\$35,110
Basic needs	\$597,723	\$628,363	\$30,640
Utilities	\$192,800	\$215,049	\$22,249
Program expenses	\$178,447	\$198,472	\$20,025
Honoraria	\$132,600	\$150,771	\$18,171
Office Supplies	\$57,100	\$74,364	\$17,264
Benefits	\$18,214	\$30,366	\$12,152

Finally, it is important to address the substantial honoraria line item, which accounted for 2.1 percent of the budget, or around \$133,000, an allocation that was overspent by \$18,200. Based on a population of 688 on- and off-reserve, this is a distribution of around \$215 per person annually. Honoraria are not usually a line item in settler society accounts, but it is a common in First Nation government and business accounting practice and speaks to a society in which gift giving and recognition of participation is expected.

This is also the case in First Nation development corporations where board members are given honoraria, and gifts are bought to distribute at annual corporation meetings to participants and elders to thank them for their time and wisdom. Note that private sector companies, universities, and many government agencies provide small honoraria for service on boards, task forces, and other such services. First Nation government accounting expert Professor Wallace Lockhart notes that (emphasis in original):

I have always seen the high numbers for honorariums, but not everywhere. I don't think the number (like the 2% you raised) is unusual – *nor regarded as being inappropriate*. Part of the expectation in many communities is that some of the FN government funds are *distributed to members* – for showing up at community meetings etc.<sup>20</sup>

Lockhart in this short, factual statement summarizes the reality that First Nation finances and governance are accountable to the First Nation members they represent and that as these governments evolve and transition, they will create new norms and accepted practices for financing within their own communities and governments.

## Government employment: Salaries, wages, and benefits

Salaries, wages, and benefits usually account for a high percentage of any government's expenditures. For example, the Siksika Nation government and other entities reporting under the consolidated auditing system accounted for nearly \$47.5 million in salaries and benefits, representing around 40 percent of the band council's annual expenditures. This represents reliable annual incomes in the community for members, as well as a substantial investment as these salaries help fuel consumer spending in the region. Unfortunately, not all the communities in the sample provide the "segmented expenses" information that breaks out the details of the more commonly reported consolidated accounts. Table 14 provides examples of wages, salaries, and benefits expenditure across the sample showing a range from the high of 40 percent in Siksika Nation to a low of 21 percent in the prairie community of Canupawakpa in southwest Manitoba. On average First Nation governments spend around 29 percent of their total government expenses on payroll, dollars that recirculate in the regional economy paying for housing, cars, food, and entertainment, as well as helping to pay for education and training and supporting local businesses.

A more general overview of the importance of First Nation government employment can be found using the Survey of Employment and Payroll Hours (SEPH), while Finnegan (2013) demonstrates the considerable value that Aboriginal government employment adds to the GDP of Yukon – estimated at above 3 percent of total GDP.

**TABLE 14: FIRST NATION EXPENDITURE IN SALARIES, WAGES, AND BENEFITS**

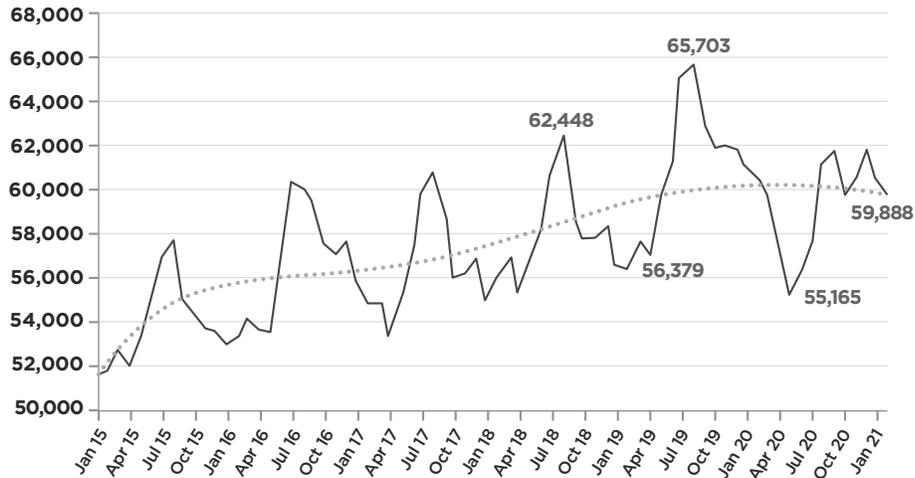
<b>First Nation</b>	<b>Salaries and wages</b>	<b>SW&amp;B as a % of total expenses</b>
Siksika Nation	\$47,480,412	39.8%
Buffalo River Dene	\$6,733,865	35.0%
Wahnapitae	\$2,544,530	32.7%
Cowessess	\$6,091,509	31.4%
Wabigoon Lake	\$2,562,886	29.0%
Moosomin	\$3,817,836	28.2%
Neskantaga	\$4,069,883	27.5%
Maliseet/Tobique	\$13,064,650	26.4%
Membertou	\$15,313,004	25.6%
Muskrat Dam	\$4,164,971	24.3%
Canupawakpa	\$2,006,143	21.2%

### SEPH data source

SEPH data are collected weekly, originating from each payroll generated by private and public employers in Canada. First Nation governments are no exception.<sup>21</sup> SEPH is produced from the combination of the Business Payroll Survey results and the payroll deductions administrative data that Statistics Canada receives from the Canada Revenue Agency. Statistics Canada acquires the data and processes it using NAICS (North American Industry Classification System) coding, creating relatively comparable employment and wage categories across Canada. The data give us a glimpse into the monthly employment levels across the country and into average weekly salaries. The SEHP data for line 914 is only available at the all-employees level of aggregation (monthly and annual) and by weekly wages; more detailed information on salary versus wage employment is not available, probably due to the small size of the population and data quality issues.

The number of people employed in Aboriginal government has been increasing steadily since before 2015 and shows a considerable seasonality in hiring practices with peaks through the summer season and declines during winter (Figure 14). In January 2015, Aboriginal governments across Canada employed 51,726 people, which rose to a peak of 65,703 in August 2019, or an increase of 21.3 percent prior to the impacts of the pandemic that saw the loss of over 10,000 jobs in the sector by May 2020. Indigenous Canada

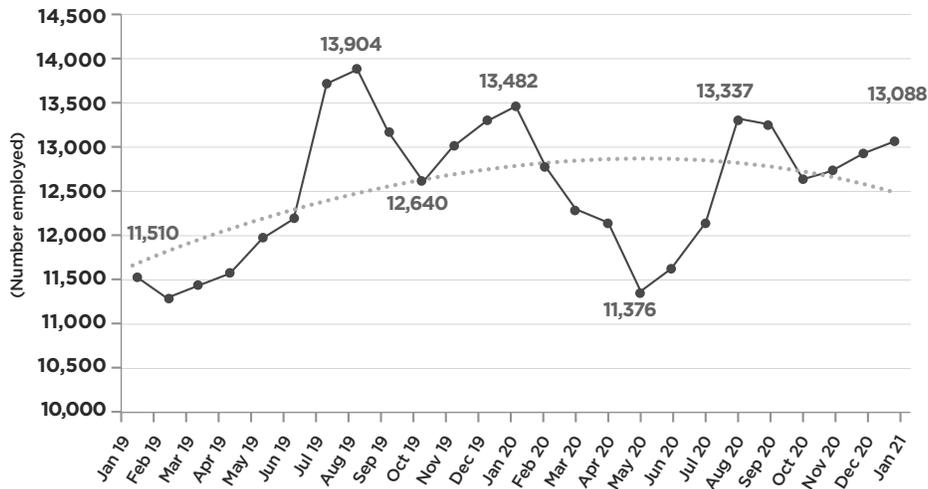
**FIGURE 14: PERSONS EMPLOYED IN ABORIGINAL PUBLIC ADMINISTRATION IN CANADA, JANUARY 2015 TO JANUARY 2021 WITH AN ORDER-5 POLYNOMIAL TREND LINE ADJUSTING FOR SEASONALITY**



has been particularly affected by the pandemic and this radical decline in Aboriginal government jobs had still not recovered to pre-pandemic levels by January 2021. The trend line shows the impacts of seasonal and, in this case, summer hiring within the Indigenous economy by these governments; jobs for students are part of the trend, although seasonal positions in wildland fire fighting, timber harvesting for firewood, children’s summer programming, and possibly tourism in First Nation-owned facilities represent other opportunities. There is probably a considerable linkage between the steady and considerable growth in Aboriginal government employment in Canada and the increasing wealth being generated by their development corporations and businesses in the form of own-source revenue.

SEPH is commonly used in combination with two other labour surveys to generate a monthly evaluation of the economy’s labour force dynamics: the Labour Force Survey (LFS) and the Employment Insurance Coverage Survey (EI) (see Statistics Canada 2012). Together, these three monthly surveys tell a more complete story of current labour market events. The LFS focuses on its strengths, including timeliness, and demographic analysis of the labour market. SEPH reports, which come out some months later than the labour force survey data, show greater detail by industry and wages. However, LFS and SEPH generate different labour market numbers, with LFS estimating the number of people employed, and SEPH recording the number of jobs

**FIGURE 15: EMPLOYMENT IN FIRST NATION GOVERNMENT IN ONTARIO WITH A TWO-ORDER POLYNOMIAL TREND LINE**

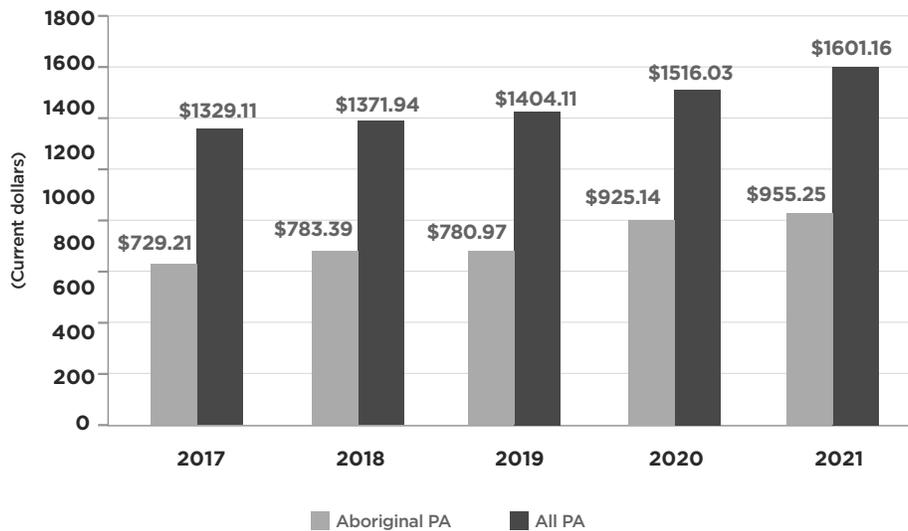


in the market.<sup>22</sup> Aboriginal data is only available biannually from LFS, and not at all through EI results. The SEPH line 914 employment data for Aboriginal government provides a way of estimating the economic value of self-government in Canada and the provinces, but the data represent an aggregation of all people employed by First Nations governments.

In Ontario, the number of Aboriginal public administration jobs has been growing steadily from around 11,510 in January 2019 to 13,088 in January 2021 (Figure 15). As with any sector of the economy, Aboriginal employment in public administration was heavily affected by the COVID-19 pandemic, with over 2000 jobs being lost between January 2020 and May 2020, with the recovery peaking at 13,337 jobs in August 2020.

However, these First Nation government employees, captured monthly by Statistics Canada’s Survey of Employment and Payroll Hours, are paid considerably less than their “All Public Administration” employee (federal, provincial, and municipal) counterparts, as shown in Figure 16. In 2017, Aboriginal public administration staff were being paid around \$730 a week in Canada while the average weekly income for all public administration staff was \$1330, a weekly difference of \$600. By 2020, this had not really changed, with the difference being \$590 per week. Although weekly income by Aboriginal staff in public administration jumped to \$955.25, an increase of 31 percent since 2017, it was still well below the average weekly earnings for all in public administration at \$1601.16.

**FIGURE 16: CANADA, ABORIGINAL, AND ALL PUBLIC ADMINISTRATION SALARIES COMPARED, 2017-2021**



## Limitations

The inconsistent nature of First Nation government accounting is a major limitation. While there is some consistency in reporting from each of the major accounting houses, there is no guarantee that the revenues and expenses reported by each individual First Nation mirrors that of another.

This is shown in Revenue and Expenses reporting (Figures 6 and 9) and in the bar graph representations of the percentage of revenue by revenue stream, and expenses by reporting entity (Figures 6 and 11). In Tables 6 and 9, there is no reporting for a number of cells. The strangest report is in the budget for Mattagami where G&A is shown as zero. Clearly Mattagami has a chief and council and has an established government in place that is staffed by First Nation civil servants; it spends money on meetings, reports, policy development, and consultants, but it does not account for any of that spending under the G&A heading that the other 11 First Nations use. Probably Mattagami accounts for these staff and expenses within what we might call line departments such as education, health, and O&M, the expenses for which are well above the average in the sample based on the percentage of expenses. In these line departments, Mattagami spends the second highest in health and third highest in education and O&M. Mattagami also has one of the highest band funds accounts at 15.9 percent.

The internal consistency of the expenses data reported by the First Nations to the auditors is also in question. For instance, the maintenance on a school bus owned by First Nation X could be reported under education expenses or under O&M. Nation Y could report it the same way, or differently. As the governing agency, Canada has not demanded this level of internal consistency in reporting. While there are best practice guides, there is no enforcement of one standard; Canada allows First Nations to organize their governance models and accounting systems as best fits their needs and probably in accordance with their history of accounting practices.

“Canada allows First Nations to organize their governance models and accounting systems as best fits their needs.”

This pattern is less common on the revenue side of the equation, but inconsistencies do occur. As mentioned above, only three First Nations list “Fundraising” as a reporting line. Others may be raising funds through corporate donations, if not bingo nights, but they are probably reporting this revenue under business and rents, or the often large catch-all “Other Revenue.” For example, Membertou lists \$1,268,351 under “Other Revenue” and a further \$2,642,337 under “Other Expenses.” These are substantial sums.

With revenue, the inconsistencies that occur are also inherent within the different government powers that Tsawwassen and Kwänlin Dun have acquired through their modern treaties, which allow them to gather taxes, levies, and other revenues for which First Nations operating under the *Indian Act* are not always eligible. That two First Nations in the sample receive no provincial support while the others receive limited support probably speaks to the limited ability of provincial governments to financially support Indigenous communities as well as to the inability of these First Nations to apply for provincial or territorial development grants.

# Policy implications

The analysis in this report outlines the substantial variability in First Nations government funding in Canada. It also outlines the challenges involved in making comparisons between First Nations. Some Nations have greater administrative responsibilities than others and different government or own-source funding streams. Put simply, First Nations that “take down” government duties and services generally receive funds to meet those needs. In addition, if a First Nation has substantial own-source revenues – and some have sizeable additional income – they can expand their programs without asking the government of Canada or provincial authorities.

First Nations seeking to redefine or improve their financial relationship with the federal government have to recognize the substantial variation in arrangements across the country. In the absence of a clear and sustainable formula, the First Nation has to account for a variety of factors, including (among other elements):

- Total First Nation population;
- Dispersal or concentration of the population;
- The cost of governance, including serving a widely distributed population;
- Services it provides to members that are funded by federal or provincial governments; and
- Funding produced as own-source revenues (as available) to be used according to the wishes of the First Nation.

This study demonstrates the extreme variability in overall funding available to First Nations governments across Canada and to the substantial differences in program and project activities. These program arrangements remain in flux, particularly as Indigenous self-government expands. (It is important to note, in part to address standard critical commentary about Indigenous governments, that this growth in expenditure is matched by a decline in spending on the same responsibilities by federal, provincial, and municipal governments. With some variation at the margins, the expansion of Indigenous-run government services results in an offsetting decline in other government spending.)

The tools of money, governance, programs, and projects are vital for achieving the goals and aspirations of the citizens of the various First Nations. Securing funding is defined by a variety of elements: treaty status (historic or numbered), self-government arrangements (if any), geographic realities, and socio-economic circumstances.

The communities with the highest annual expenditures could be the ones with the greatest entrepreneurial activity, the heaviest demand on social services, the most advanced self-government arrangements, the greatest draw-down of federal and provincial responsibilities, or some combination of these elements. A community with a large budget could be running large deficits while a low-income but well-managed First Nation could have a significant surplus. There is, in sum, no predictable formula that outlines the appropriate level of First Nations government funding related to its service, program, and project commitments.

What is equally clear is that effectively managed First Nations understand treaty and legal arrangements, work effectively with federal, provincial, and municipal authorities, and approach commercial activities with a keen sense of business and an Indigenous approach to maximize the socio-economic benefits of successful companies. That at least 25 percent of First Nations are in third-party management makes it clear that many Indigenous communities struggle with both the weight of history and the oppressive complexity of government regulations and programs; that communities like Membertou in Nova Scotia and Kwänlin Dun in Yukon have navigated the worlds of government and commerce with dexterity and foresight makes it clear that community poverty and poorly financed governments are not inevitable.

*“ Strong, well-organized, and thoughtful First Nations governments are now an essential condition for First Nations well-being.*

If anything, this research project reinforces the importance of effective governance to community well-being and revitalization. Given that there is no fixed financial formula for First Nations governments and that own-source revenues have become increasingly important in sustaining Indigenous peoples, it is clear that strong, well-organized, and thoughtful First Nations governments are now an essential condition for First Nations well-being. Navigating the complexities of federal, provincial, and territorial funding, and exploring and capitalizing on business opportunities, are no small feat, and generally greatly exceed the requirements imposed on comparably-sized non-Indigenous communities. The reality that a growing number of First Nations have skillfully worked through the complex opportunities

and challenges and that many others are looking for lessons from their experiences is one of the most hopeful prospects for steady improvements in Indigenous well-being in the years and decades to come.

As First Nations governments and the government of Canada contemplate the future of funding for Indigenous communities, it is important that this conversation consider the substantial variation in current arrangements and the subsequent inequality in services, programs and quality of life among First Nations across the country. Given that there is no equality of circumstances, any approach that provides equality of funding (say, with per capita allocations) is an approach worthy of implementation; however, there is no easy solution. First Nations exist within a complex web of history, geography, culture, local economic activity, the presence of non-Indigenous peoples that have been complicated by administrative and political priorities, the quality of relationships with regional businesses and other factors.

First Nations approaching government on financial matters would do well to consider the following elements:

- Communities accept and support transparent governments. First Nations should, as many currently do, provide for full and regular reporting to community members and beneficiaries.
- First Nations should invest in community and regional administrative capacity to ensure that they have the human resources needed to manage their affairs properly. Given the complexity of Indigenous governance and administration, this will require greater effort than the tasks facing comparably-sized non-Indigenous communities.
- Communities should carefully document their deviation from national norms in all standard areas of government service provision and administration. Members and leaders need to know the scale of the difference between their situation and most Canadian communities.
- Indigenous governments should continue to pursue own-source revenues for the simple reason that fiscal independence from the government of Canada is obviously in the communities' best interests.
- First Nations should keep themselves informed of the financial situation of Indigenous communities across the country, as there is strength in knowing the level of support provided to other First Nations governments.
- Indigenous governments should, as many currently do, invest in long-term returns to their communities. The development of sovereign wealth funds and long-term stable investments will ultimately be crucial to the financial success of First Nations governments.

For its part, the government of Canada should consider the following:

- Continue and expand on their existing block funding pilot projects for First Nations governments.
- Continue to expand the funding horizon for First Nations governments, focusing on five- and 10-year funding allocations.
- Sift from application-based funding to comprehensive funding packages that privilege First Nations decision-making.
- Improve accountability procedures, but emphasize community outcomes rather than the communities' abilities to complete application and reporting forms.
- Invest in Indigenous governance and administrative capacity to ensure that the communities can manage the funds allocated to them.
- Rethink the current approach to Third Party Management, ideally by supporting Indigenous controlled oversight arrangements that are more supportive of the rapid transition to Indigenous autonomy.
- Most importantly, the self-government agreements negotiated alongside modern treaties, primarily in northern Canada, have set a standard of financial support that is clearly acceptable to the government of Canada and the First Nations involved. These financial allocations should be used as a basis for long-term funding arrangements with Indigenous communities across the country. The proper funding of First Nations in the self-government agreements provides a fiscal and managerial model that is worth emulating.

There is a potential solution, drawn from Scandinavia. The governments of Norway, Sweden, Denmark (Greenland), Iceland and the Faroe Islands, do not have complicated, community-centric funding formulas. Capitalizing on their status as unitary states and their social democratic traditions, each of the nations has established equality of circumstances as national commitments. If we take this approach in Canada, it would mean taking a quick tour of First Nations and seeing if the basic elements – water supply, housing stock, community and access roads, Internet coverage, fire and police protection, educational quality, public facilities, and other considerations – match up to nearby or “standard” Canadian communities.

Many of the Indigenous demands for increased funding are based on bringing communities up to the acceptable and appropriate national standards. If these major – and unacceptable – gaps in government services, infrastructure and community support were addressed, the First Nations' needs would decline significantly. In the absence of such a basic national commitment, it is hardly surprising that First Nations push aggressively for increased funding. They

are, clearly, asking for the bare minimum and not for anything approaching “special” treatment. Should the federal government ever make a simple undertaking to ensure, in all public services under federal responsibility on First Nations reserves, the application of national standards, the financial realities facing Indigenous governments would change dramatically.

At root, First Nations demands for increased funding represent a concerted effort to give their communities the necessities of contemporary Canadian life. The funding provided to the governments must address treaty requirements and Aboriginal rights and must be driven by a commitment to respect and decency. For decades, First Nations governments have been forced to beg for government support, a process thinly hidden behind a raft of government programs, applications, and civil service evaluations. Further, the government of Canada needs to take systematic steps to transfer financial resources and decision-making authority to First Nations. With autonomy and stable financing, First Nations will finally have the opportunity to set their communities on a course of their choosing. And this, after all, is all the Indigenous peoples really ask of Canada.

## About the authors



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Ken contributes regularly, through newspaper pieces and radio and television interviews, to contemporary discussions on northern, Indigenous, and technology related issues.



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He was most recently the CEO of the award-winning Na-cho Nyäk Dun development corporation (NNDDC) in the Yukon (2016-2020). At NNDDC, Greg and his team developed a successful First Nation corporation with a diversified multi-million-dollar portfolio that maintained low overheads and high returns on investment within a challenging boom-and-bust resource economy.

Greg holds a doctorate in geography from York university (Toronto) with a specialization in regional economic development. He publishes on Northern and Indigenous labour market issues as well as historical geography. Over his career, he has served as both the acting chief of geography at the National Atlas of Canada (NRCan) and as the chief statistician for the Yukon government. Greg has taught in geography and Canadian studies at various universities including Carleton, York and UBC and is currently teaching geography at the University of Limerick, Ireland.

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## Endnotes

- 1 While there are 634 recognized First Nation bands or governments in Canada, in Yukon alone Statistics Canada recognizes 17 government agencies with Survey or Employment and Payroll Hours (SEPH); these are assumed to be the 14 First Nations of the Council of Yukon First Nations (technically a not-for-profit) and two linguistic councils (Finnegan 2013).
- 2 See Muskrat Dam First Nation, Audited Accounts [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND\\_NUMBER=213&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND_NUMBER=213&lang=eng), and First Nations Financial Management Board (2022).
- 3 INAN Evidence, 11 April 2017, 1000 (Ghislain Picard, Regional Chief, Assembly of First Nations of Quebec, and Labrador); Evidence, 6 April 2017, 0925 (Andrew Yesno, Manager of Financial Advisory Services, Matawa First Nations).
- 4 A discussion of the use of suppression of Aboriginal census content can be found in Chapter 4 of the *Aboriginal Peoples Technical Report, Census of Population, 2016* and includes both suppression due to low sample size as well as data quality concerns. See Statistics Canada 2016.
- 5 See Wabigoon Lake Ojibway Nation, Registered Population, [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FNRegPopulation.aspx?BAND\\_NUMBER=157&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FNRegPopulation.aspx?BAND_NUMBER=157&lang=eng)
- 6 See Kwanlin Dün First Nation, Registered Population, [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FNRegPopulation.aspx?BAND\\_NUMBER=500&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FNRegPopulation.aspx?BAND_NUMBER=500&lang=eng) (accessed June 10, 2021)
- 7 See Membertou First Nation, Audited Accounts, [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND\\_NUMBER=26&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND_NUMBER=26&lang=eng).

- 8 Compiled financial statement is not thoroughly audited and there is no guarantee it is correct. An accountant compiles the financial statement, but is not required to verify or confirm the numbers or analyse the statement for accuracy. See Dhir (2022).
- 9 Kwänlin Dun First Nation, Audited Accounts, [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND\\_NUMBER=500&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND_NUMBER=500&lang=eng).
- 10 Wahnapiatae First Nation, Audited Accounts, [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND\\_NUMBER=232&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND_NUMBER=232&lang=eng).
- 11 Muskrat Dam First Nation, Audited Accounts, [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND\\_NUMBER=213&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND_NUMBER=213&lang=eng).
- 12 Membertou First Nation, Audited Accounts, [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND\\_NUMBER=26&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND_NUMBER=26&lang=eng).
- 13 Wabigoon Lake First Nation, Audited Accounts, [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND\\_NUMBER=157&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND_NUMBER=157&lang=eng).
- 14 Personal Correspondence, Professor Wallace Lockhart, University of Regina to Greg Finnegan, March 23, 2021.
- 15 Wabigoon Lake Lake Ojibway Nation, Audited Accounts, [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND\\_NUMBER=157&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND_NUMBER=157&lang=eng).
- 16 Cowessess First Nation, Audited Accounts, [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND\\_NUMBER=361&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND_NUMBER=361&lang=eng)
- 17 Membertou First Nation, Audited Accounts: [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND\\_NUMBER=26&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND_NUMBER=26&lang=eng)
- 18 Membertou First Nation, Audited Accounts, [https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND\\_NUMBER=26&lang=eng](https://fnp-ppn.aadnc-aandc.gc.ca/fnp/Main/Search/FederalFundingMain.aspx?BAND_NUMBER=26&lang=eng)
- 19 The 2021 census records for First Nations people, Métis and Inuit in Canada will not be released until September 21, 2022 (Statistics Canada 2021).

- 20 Personal correspondence, Professor Wallace Lockhart, University of Regina to Greg Finnegan, March 23, 2021.
- 21 This survey is a census with a cross-sectional design; data are collected for all units of the target population and therefore no sampling is done.
- 22 SEPH, for example, in measuring the number of jobs, could record one person as having multiple jobs, be they full and/or part-time; meanwhile, LFS records that the person is working, regardless of the number of jobs held.
- 23 Federal Budget 2018 committed to better support First Nations communities, to support strong Indigenous institutions and to advance the New Fiscal Relationship with First Nations, proposing to invest \$188.6 million over five years, starting in 2018/19 and committed to review programs and funding that support First Nations governance. Federal Budget 2019 committed \$48 million over two years to First Nations in greatest need of core governance support. In addition, the government reiterated its 2018 commitment to review programs and funding that support First Nation governance.
- 24 Research papers exploring this issue include *Establishing a First Nations Auditor General* in 2017 and *Strengthening the Availability of First Nations Data* in 2018
- 25 Five First Nations formed part of the first series of [the] pilot, and all have de-escalated from third party management. A second phase of the pilot, which includes 20 participants, is currently underway.
- 26 See [https://teaching.usask.ca/indigenoussk/import/buffalo\\_river\\_dene\\_first\\_nation.php](https://teaching.usask.ca/indigenoussk/import/buffalo_river_dene_first_nation.php).
- 27 Larger First Nation populations include Six Nations of the Grand River: 12,757 ([https://en.wikipedia.org/wiki/Six\\_Nations\\_of\\_the\\_Grand\\_River](https://en.wikipedia.org/wiki/Six_Nations_of_the_Grand_River)); Akwesasne Mohawk Nation: 11,500 (<https://en.wikipedia.org/wiki/Akwesasne>), Blood 148 (Kainai Nation): 8,371 ([https://en.wikipedia.org/wiki/Blood\\_148](https://en.wikipedia.org/wiki/Blood_148)), Kahnawake Mohawk Territory (<https://en.wikipedia.org/wiki/Kahnawake>): 7989 based on 2006 Census data. Not all First Nations are enumerated by the census with issues of Indigenous sovereignty and rights regarding enumerations on Indian Reserves still being an issue between First Nations and Canada.

# Appendix 1

## Indigenous Services Canada, Annual Report to Parliament 2020

The following is a verbatim extract from Indigenous Services Canada (2020, 87-88).

### *New fiscal relationship for First Nations*

One area where Indigenous Services Canada has been working with First Nation partners to design a way forward is in the development of a new fiscal relationship. With the signing of a memorandum of understanding in July 2016, the Government of Canada and the Assembly of First Nations have been working together along with other key partners to establish a new fiscal relationship that moves towards sufficient, predictable, and sustainable funding for First Nation communities based on a relationship of mutual accountability. This work is a key step in addressing the disparities and inequities in the socioeconomic conditions between First Nations and other Canadians. Federal Budgets 2018 and 2019 made key financial commitments to support Indigenous institutions and to advance the new fiscal relationship including through governance support. Results to date stem from a number of proposals made in the report *A New Approach: Co-Development of a New Fiscal Relationship between Canada and First Nations*, and include:

- 10-year grants for qualified First Nations [to] enhance self-determination by providing greater predictability and flexibility of funding so that recipients can focus on delivering high-quality services to their citizens, while significantly reducing the reporting burden on their communities resulting in 85 First Nations entering into the Grant in 2019-20.
- The creation and implementation of the Assembly of First Nations–Indigenous Services Canada joint advisory committee on fiscal relations.
- The co-development of a national outcomes-based framework which will enable better measuring and reporting on the closure of socioeconomic gaps between First Nations and other Canadians.
- Advancements have also been made with respect to research into co-developed First Nations-led audit and statistical functions;<sup>24</sup>
- The development of a national data governance strategy and coordination of efforts to establish Regional Data Governance Centres were completed and submitted for consideration in 2019 /20; and,

- Indigenous Services Canada, in partnership with the Assembly of First Nations and the First Nations Financial management policy, including through pilot projects.<sup>25</sup>

Indigenous Services Canada will continue to implement and expand the use of 10-year-grants for qualified First Nations, with 110 First Nations having already entered into the grant as of 2020-21. The important work of the Assembly of First Nations-Indigenous Services Canada Joint Advisory Committee on Fiscal Relations will continue as efforts to co-develop a new fiscal relationship advance, including supporting engagement with First Nations on the Committee's interim report entitled *Honouring our Ancestors by Trailblazing a Path to the Future*. Work will continue to develop a broader approach to mutual accountability, which includes collaborative efforts to finalize a National Outcomes-Based Framework and co-develop First Nations-led audit and statistical functions. Indigenous Services Canada will also continue to work with First Nation partners and organizations to explore innovative approaches to supporting and enhancing governance capacity given that it is a critical element needed to prepare for and facilitate the transfer of services.

## Appendix 2

### First Nation community profiles

#### *Buffalo Lake Dene, SK*

The Buffalo River Dene Nation is a remote First Nation band located in northern Saskatchewan some 450 kilometres northwest of Saskatoon. The band's main community, Dillon, is located on the western shore of Peter Pond Lake at the mouth of the Dillon River. This is a region dominated by natural resource extraction industries including oil and gas in Fort McMurray, Alberta, to the west and mineral extraction including uranium to the northeast. The First Nation has a population of 1583 members, of which 799 live on-reserve. Buffalo Lake Dene Nation is a member of the Meadow Lakes Tribal Council.

The Buffalo River Dene Nation (Peter Pond Lake) signed Treaty 10 in 1906. The Dene people were encouraged by the Hudson's Bay Company to move southward toward the Churchill River in the mid-1700s to trap beaver. In 1972, the Peter Pond Band was divided into the Turnor Lake (Birch Narrows First Nation) and Buffalo River First Nations. Their 8259.7-hectare reserve is located about 84 kilometres northwest of Ile-à-la-Crosse, and the largest community is at Dillon. The Buffalo River First Nation hunted and trapped around Watapi Lake, and thus became one of the many First Nations bands filing claims for land and economic development losses after the creation of the Primrose Lake Air Weapons Range in 1954; in addition to the value of this land for food harvesting, the prohibition to use the rangelands hindered their ability to travel to meet their relatives at Cold Lake. Economic resources include trapping, fishing, and timber; economic potential exists in oil, gas, platinum, uranium, diamonds, and water. Community infrastructure includes a band office, school, and teacherage, fire hall, band hall, arena, gas station, and community maintenance facilities.

#### *Canupawakpa Dakota, MB*

Canupawakpa Dakota Nation is in southwestern Manitoba and is located along Highway 83 south of the town of Virden (population 3,114) and north of the town of Pipestone. The Canupawakpa Dakota First Nation is located on Oak Lake Reserve – 59A and has 688 members of whom 388 live on-reserve. Canupawakpa, like all Dakota reserves in Canada, is not a signatory to Treaties with Canada. The rural reserve is located in the unceded territory of the Dakota people in Treaty 2. Canupawakpa Dakota Nation has a gaming centre with video lottery terminals and a small convenience store.

### *Cowessess, SK*

The 21,488-hectare Cowessess Reserve is 13 kilometres northwest of Broadview; an additional 257.1-hectare reserve (73A) is situated 31 kilometres west of Esterhazy. There are 3266 band members, of whom only 597 live on-reserve. Cowessess is a member of the Saulteaux First Nation in Saskatchewan; their reserves include Cowessess 73, Cowessess 73A, and Treaty Four Reserve Grounds 77, which is shared with 32 other bands. They are named for Chief Ka-we-zause (Cowessess, or Little Child), who was the leader of a mixed band of Plains Cree, Saulteaux, and Métis who were known as plains bison hunters. They ranged from Leech Lake (Saskatchewan) as far southwest as the Cypress Hills and the Milk River basin in Montana. The First Nation lands are located in an area of rich prairie farmland in the Qu'Appelle Valley and near several smaller settler society communities, including Broadview on the TransCanada highway as well as waterfront property across from Moose Bay and Sunset Beach.

### *Doig River, BC*

Doig River is in Rose Prairie, BC. The Aboriginal community of Doig River sits on the northeastern plains of British Columbia along the river of the same name on Reserve No 206. Doig River is a member of the Treaty 8 First Nations. Out of 308 members, 135 live on First Nations land and operate under the *Indian Act*. The community is in the Fort St. John oil and gas field region and is located some 60 kilometres northeast of the city. Along with other neighbouring Treaty 8 First Nations, Doig River has entered into several agreements centring around gas development projects (Coastal Gaslink, Prince Rupert Gas), as well as the Site C hydroelectric project. Some 32.3 percent of community income is derived from non-governmental sources, rents, or businesses. With only 15.6 percent of its budget reliant on federal government funding, Doig River has the lowest dependency rate on federal transfers of the communities reviewed in this study.

### *Kwänlin Dün FLC, YK*

The Kwänlin Dün First Nation (KDFN) have lands located in and around Whitehorse, Yukon; the First Nation has extensive property set-asides throughout the city. The Kwänlin Dün is by population and land area the largest First Nation in Yukon. Its traditional territory extends from Marsh Lake to Lake Laberge along the Yukon River. KDFN signed its final and self-government agreements with Canada and Yukon on February 19, 2005, and is a self-governing First Nation that operates under a modern land treaty. As part of the land claim agreement, KDFN received 1042km<sup>2</sup> of settlement land within the traditional territory. Over 30 km<sup>2</sup> of KDFN's settlement land is within the city of Whitehorse boundaries. KDFN is undertaking several residential and commercial development projects from which it raises

revenue. Around 55 percent of the First Nation's 1019 members live in the Whitehorse area.

### *Maliseet Nation of Tobique, NB*

Tobique First Nation (Malecite-Passamaquoddy) is one of six Maliseet Nation reserves in New Brunswick. The reserve is located on the north side of the Tobique River and has been reduced over time through land surrenders from some 20,000 acres to two lots: the Brother's #18 (4 hectares), and Tobique #20 (2724 hectares). In 2009 the government accepted the Tobique Specific Land Claim related to 10,533 acres which they claimed to have lost in the invalid surrender of 1892.

In October 2020, six Wolastoqiyik communities announced a title claim to lands along the Saint John River. Indigenous descendants of the Peace and Friendship Treaties argue their ancestors never surrendered these lands. As McMillan et al (2014) noted, "the Mi'kmaq, Maliseet and other Indigenous nations in Atlantic Canada were never idle; they have resisted colonial oppression for centuries" (McMillan, Young, and Peters 2013).

The First Nation is very active in entrepreneurial ventures supporting a wide range of craft industries as well as more capital-intensive projects including the Wocawson Energy Project which consists of 5 turbines with an installed capacity of 20 megawatts; it was built and began selling energy in December 2020 under a Power Purchase Agreement with NB Power. The community is also involved in gaming via the Tobique Gaming Centre, which is a major source of revenue for the First Nation, as well as a highway service centre. The First Nation is 5 kilometres from the village of Perth-Andover and is close to the US-Canada border with Maine.

### *Membertou, NS*

Named after Grand Chief Membertou (1510-1611), the Membertou First Nation belongs to the Mi'kmaq Nation. Membertou is located 3 kilometres from the centre of the city of Sydney, Nova Scotia, within its tribal district of Unama'ki (Cape Breton). It is one of five Mi'kmaq communities in Cape Breton, and one of 13 in Nova Scotia. Membertou was not always situated at its present location. Many years ago, Membertou (formally known as the Kings Road Reserve) was located just off Kings Road along the Sydney Harbour. In 1916, the Exchequer Court of Canada ordered the relocation of the 125 Mi'kmaq; the first time an Aboriginal community in Canada had been legally forced to relocate. The Membertou community was relocated to its present-day location a decade later.

Membertou is an urban First Nation community consisting of more than 1150 band members – approximately 750 of whom live on-reserve.

In 1998, the *Mi'kmaq Education Acts* in Parliament and in the Nova Scotia legislature gave effect to Canada's only sectoral self-government arrangement on education. The Mi'kmaq Education Agreement (1997) delegates authority over education to 12 participating Mi'kmaq communities and Mi'kmaw Kina'matnewey, the corporate body established to manage educational affairs that is governed by a board of directors consisting of the 12 chiefs of the participating communities. In summer 2020, the community established a land code, removing First Nations land decisions from *Indian Act* authority.

The First Nation operates a community radio station, CJIJ-FM, as well as a significant environmental remediation firm that has been active in improving the Sydney tar ponds. In addition, the First Nation has undertaken extensive commercial land development projects including a hotel in partnership with a national chain, a series of modular gaming casinos, a shopping mall, and an extensive planned community. Indeed, over 69 percent of all Membertou government revenue is self-generated through rents and business ventures; the First Nation is dependent on federal government transfers for only 28.9 percent of its budget.

Membertou band is the first Indigenous government in the world to obtain ISO Certification – this achievement alone indicates that the community has achieved a level of vision, leadership, transparency, accountability, governance, and management that is unparalleled in Canadian First Nations communities (Kayseas, Hindle, and Anderson 2006).

### *Moosomin, SK*

The Moosomin First Nation is a Cree First Nation in Cochin, Saskatchewan. Its two reserves are approximately 35 kilometres and 22 kilometres north of North Battleford and bordering the Battlefords Provincial Park on Jackfish Lake. The First Nation is proximate to the rural municipalities of Meota No. 468 and Round Hill, No. 467. Moosomin First Nation has over 1500 Band members of whom 58 percent live on-reserve. It controls more than 50,000 acres (200 km<sup>2</sup>) of land. In 1876, representatives of the federal government and the Cree of central Saskatchewan signed Treaty 6.

### *Muskrat Dam, ON*

The Muskrat Dam Lake First Nation is an Ojibwa-Cree First Nation in Northern Ontario. Its members reside on the 1939.7 hectare (4793.1 acre) Muskrat Dam Lake reserve located on Muskrat Dam Lake in the Kenora district. In June 2020, their total registered population was 473 people, with an on-reserve population of around 240. Until it officially gained reserve status in 1976, Muskrat Dam was a satellite community of Big Trout Lake. The Muskrat Dam Lake First Nation is part of the 1929-30 Adhesion to the James Bay

Treaty of 1905 – Treaty 9. The First Nation is a member of the Independent First Nations Alliance of the Nishnawbe Aski Nation. The self-governing Muskrat Dam First Nation is policed by the Nishnawbe-Aski Police Service, an Aboriginal-based service.

### *Neskantaga, ON*

Neskantaga First Nation is an Ojibway community located 436 kilometres northeast of Thunder Bay and 180 kilometres northeast of Pickle Lake, Ontario. Travel to and from the community is possible by air, winter road, and, for the more adventurous, boat. Of the population of about 400, about 300 live on the reserve. The Neskantaga First Nation band office operates as a self-government. Neskantaga is part of the Nishnawbe Aski Nation, an aggregation of 49 remote First Nations communities in northern Ontario. Bilateral Framework Agreements on governance and education jurisdictions were formally signed between Canada and Nishnawbe Aski Nation on October 16, 1999.

### *Siksika Nation, AB*

The Siksika hold that since time immemorial, the Children of the Plains, the Siksika-Blackfoot, have lived in a territory that stretches from the North Saskatchewan River in present day Alberta and Saskatchewan to the Yellowstone River in the state of Montana, from the Continental Divide in the west to the Great Sand Hills in Saskatchewan. The Siksika Nation is part of the Siksikaitapapi – the Blackfoot Confederacy – four Nations that also include Amsskapipiikunniwa (Blackfoot Nation), Kainai Nation (Blood Tribe), and Aapatohipiikunniwa (Piikani Nation). The Blackfoot are a transboundary people with communities south of the border being a federally recognized as a Native American tribe, the Southern Piikani in Montana.

In Canada, the Siksika are signatories to Treaty 7, the last of the Numbered Treaties made between the government of Canada and the Plains First Nations on September 22, 1877, by the Siksika Nation (Blackfoot), Kainai Nation (Blood Tribe), Piikani Nation (North Peigan), Stoney-Nakoda Nation, and Tsuut'ina Nation. Siksika Nation is governed by one chief and 12 councillors elected every three years by the voting membership of the Nation. The chief and council are accountable and report to the members of the Siksika Nation. The Siksika Nation administration and business district are located adjacent to the town of Gleichen, approximately one hour's drive east of Calgary, and 3 kilometres south of the Trans-Canada Highway. With a population of nearly 7800 people, it is one of the largest First Nations in Canada, although some 58 percent live off-reserve.

The Siksika Nation has settled longstanding land claims regarding misuse of its lands by the Canadian Pacific Railway dating back to 1910 when Canada

transferred Siksika reserve land to the CPR to build the Bassano Dam on the Bow River. In 1991 and then again in 2014 in compensation for lost mineral claim opportunities of \$4.9 million in 1991 and 2010 the First Nation received both a \$50 million settlement related to land alienations and new water rights (Cryderman 2010).

### *Tsawwassen FLC, BC*

The Tsawwassen First Nation is a First Nation government whose lands are located in the Greater Vancouver area of British Columbia's Lower Mainland, just north of the international boundary with the United States at Point Roberts, Washington. Tsawwassen First Nation lists its membership at approximately 490 people, about half of whom live on the reserve. The Tsawwassen First Nation (TFN) final agreement (the Treaty) is a tri-partite agreement between Canada, British Columbia, and Tsawwassen First Nation. It is a comprehensive agreement that provides for the transfer of land and self-government jurisdiction to TFN. This is a major shift in the relationship between Tsawwassen First Nation, Canada, and British Columbia. The treaty came into effect on April 3, 2009. Tsawwassen First Nation was the first in BC to achieve a treaty under the BC Treaty Process. As a self-governing urban-based society with a large retail complex on reserve lands, TFN raises revenue through fees, levies, and taxes, which in 2020 accounted for over \$4.5 million in revenue or over 21 percent of all the revenue for the First Nation's government.

### *Wabigoon Lake Ojibway, ON*

The Wabigoon Lake reserve was laid out in 1884 and was confirmed by the Ontario government in 1915. It has strong roots in Anishinaabeg culture and history. Wabigoon Lake Ojibway Nation (WLO) is on the shores of Dinorwic Lake, west of Dryden, Ontario, a regional economic hub with a population of around 7750 people. The WLO has approximately 740 members.

As a signatory to Treaty 3, Wabigoon Lake Ojibway Nation is a member of the Bimose Tribal Council, a regional chiefs' council, and grand council of Treaty 3, a tribal political organization that represents many of First Nation governments in northwestern Ontario and southeastern Manitoba. The WLO band office operates as a self-government. The First Nation has reserved for itself the 5209.2 hectares (12,872 acres) Wabigoon Lake 27 Indian Reserve. Like many First Nations in Canada, Wabigoon has seen a considerable outmigration of its members with only 22.7 percent or 186 members out of 819 still living full time on-reserve. The WLO is effectively running a government for a highly dispersed population.

### *Wahnapiatae, ON*

Wahnapiatae First Nation (WFN) is an Ojibway community located in Northern Ontario. Wahnapiatae First Nation Indian Reserve #11 is accessible by all-season roads from the town of Capreol, 50 kilometres north of Sudbury. In 2020 Indigenous Services Canada listed only 57 First Nation members as living on-reserve, suggesting that around 90 percent (or 506) of the community members had moved to Sudbury and other local communities for education, jobs, and housing. The reserve land base is 3.2 kilometres by 3.2 kilometres on the north shore of Lake Wanapitei and covers approximately 1036 hectares of land. A pending land claim settlement may result in an increase in the land holding. Wahnapiatae is part of the Anishinabek Nation. In 1995, the Anishinabek Nation's grand council authorized its secretariat arm, the Union of Ontario Indians, to begin self-government negotiations with Canada on behalf of its member First Nations. An agreement-in-principle on education was signed in November 2002. In February 2007, the parties signed an agreement-in-principle with respect to governance. Final agreement negotiations are proceeding in parallel. Together, these agreements mark an important step toward the Anishinabek Nation's long-term objective of supporting participating First Nations to move out from under the Indian Act. The Wahnapiatae First Nation is also a member of the Waabnoong Bemjiwang Association of First Nations, a regional tribal council.

*constructive* *important* *forward-thinking*  
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