

Registration

SI/2016-14 March 9, 2016

ECONOMIC ACTION PLAN 2015 ACT, NO. 1

Order Fixing April 1, 2016 as the Day on which Sections 177 to 204 of the Act Come into Force

P.C. 2016-93 February 26, 2016

His Excellency the Governor General in Council, on the recommendation of the Minister of Indian Affairs and Northern Development, pursuant to section 205 of the *Economic Action Plan 2015 Act, No. 1*, chapter 36 of the Statutes of Canada, 2015, fixes April 1, 2016 as the day on which sections 177 to 204 of that Act come into force.

<http://www.gazette.gc.ca/rp-pr/p2/2016/2016-03-09/html/si-tr14-eng.php>

EXPLANATORY NOTE

(*This note is not part of the Order.*)

Proposal

This Order brings into force sections 177 to 204 of the *Economic Action Plan 2015 Act, No. 1*, to amend the *First Nations Fiscal Management Act* (the Act). The coming-into-force date is April 1, 2016.

Objective

The objective of this Order is to facilitate greater participation by First Nations in the Act's property taxation, financial management and pooled borrowing regime, eliminate administrative inefficiencies, and enhance investor confidence in the regime's real property tax and financial management frameworks.

Background

The *First Nations Fiscal Management Act* (the Act) is opt-in, First Nations-led legislation that provides First Nations with fiscal powers similar to those exercised by other orders of government in the areas of real property taxation, financial management and access to capital.

On June 23, 2015, amendments to the Act (contained in Division 16 of Part 3 of the *Economic Action Plan 2015 Act, No. 1*) received royal assent. Indigenous and Northern Affairs Canada worked closely with the three First Nations institutions that administer the Act (the First Nations Finance Authority, the First Nations Financial Management Board, and the First Nations Tax Commission) to develop these amendments. The amendments stem from the 2012 legislative

review that included recommendations to improve clarity, reduce the administrative burden on First Nations operating under the Act, and streamline processes and procedures.

Related and consequential amendments to nine regulations under the Act are also being developed. Both the legislative and regulatory amendments will be brought into force on April 1, 2016. The Act operates on a fiscal year and it is important that changes to the Act and its regulations come into force at the beginning of the fiscal year to ensure a smooth transition.

Consultation

The changes to the Act have been contemplated since the completion of the 2012 report on the legislative review (<https://www.aadnc-aandc.gc.ca/eng/1334169647868/1334169697578>). Recognizing the evolution of the environment in which the regime operates, section 146 of the Act required the Minister to review and evaluate the legislation and the First Nations institutions within seven years of royal assent. The report was the result of work by Canada and the three First Nations institutions in consultation with their client First Nations, and capital market participants.

The vast majority of the proposed administrative improvements were identified during the legislative review, with the conclusions tabled in a public report to both Houses of Parliament in March 2012.

The institutions also lead consultations on the proposed amendments with a range of stakeholders, including from the First Nations Tax Administrators Association, the Canadian Property Tax Association, the Canadian Energy Pipeline Association, and the National Aboriginal Economic Development Board. First Nations operating under the regime are also widely supportive of the proposed changes.

Implications

The legislation enables First Nations to build their economies and communities, and exercise self-determination.

The legislative amendments do not change the mandates of the First Nations institutions and do not have funding implications.

Once the legislative and regulatory amendments are in force, it is expected that the number of First Nations choosing to opt into the regime will increase to approximately 240 by 2020. These First Nations will be able to access an improved *First Nations Fiscal Management Act* “regime” (FNFMA regime), including the services of the three First Nations institutions to strengthen their financial management capacity and governance, to raise revenues through property taxation, and to participate in pooled borrowing to build houses and public infrastructure in their communities and create economic opportunities and employment for their members.

Departmental contact

If additional information is required, please contact

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