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Current practice in financing Aboriginal governments

An overview of three case studies prepared

for the Royal Commission on Aboriginal Peoples

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TABLE OF CONTENTS

LIST OF TABLES

1. INTRODUCTION

The financing of aboriginal governments is a crucial aspect of the drive, on the part of Aboriginal Peoples in Canada, towards greater self-determination. However, relatively little information is available on the current financial situation of the diverse aboriginal governing bodies in Canada. Accordingly, the Royal Commission on Aboriginal Peoples commissioned three case studies to provide "snapshots" of the financial status of three dissimilar aboriginal governing bodies: the Siksika Nation, an Indian band operating on the cutting edge of autonomous self-administration; the Kativik Regional Government, a northern public government established under the terms of a comprehensive land claim agreement; and the United Native Nations, a self-governing service delivery agency for Aboriginal persons, mainly non-status Indians, in an urban setting.

For each case, the information provided by the authors includes a general description of the governing body, with information on the population being served; the geographical area covered by each body; financial information for the 1992-1993 fiscal year generally and for previous years as available; details of financial and political arrangements with other governments (including aboriginal governments and organizations), and any other relevant comments regarding the environment in which the governing body functions.

Financial data for each case study includes information on revenues, expenditures and activities for the 1992-1993 fiscal year, from April 1, 1992 to March 31, 1993. (One governing body, the Kativik Regional Government, uses the calendar year as its fiscal year.)

Information on revenue sources includes a description of total revenues, a breakdown of revenues by source, a description of the conditions (if any) attached to transfer funding agreements, and a description of own-source revenues and revenue-raising capacities. The authors conclude with general comments and analysis regarding the current financial situation of their governing body.

The Royal Commission on Aboriginal Peoples decided not to publish these reports in their entirety, but to provide the following overview. This overview, which summarises all three reports, is intended to provide readers with access to the basic information contained in all three reports, and to allow comparisons between the financial situations of all three governing bodies.

Finally, it should be noted that the intent of the case studies summarised in this overview was to provide an accurate picture of the current financial situation of these Aboriginal governing bodies, prior to examining any future financing options. While the studies provide some commentary on the adequacy of the financial arrangements to meet current needs, readers should not conclude that current financial arrangements are desirable or will necessarily continue.

2. THE SIKSIKA NATION

2.1 Introduction

The Siksika Nation forms a part of the Blackfoot Confederacy, which was originally composed of the Blackfoot proper (the Siksika), the Bloods (Kainai) and Peigans (Pikuni). Traditional Confederacy territory includes southern Saskatchewan, Alberta and northern Montana. In the last half of the 19th century, Canadian members of the Confederacy, including the Siksika Nation, settled on reserves set aside for them under Treaty Seven, the Blackfoot Treaty of 1877.

Under the authority of section 91(24) of the Constitution Act, 1867, the federal government has passed legislation, the *Indian Act*, which applies mainly to registered Indians who reside on reserves. Indians registered under the *Indian Act* are referred to by the federal government as "status Indians," and their communities are called "bands." However, many Aboriginal Peoples refer to themselves as Nations or First Nation communities.

Until several decades ago, the federal government's practice was to deliver programs and services to First Nations with little or no aboriginal involvement. More recently, there have been attempts to increase aboriginal involvement in the delivery of services. At Siksika, the last Indian Agent left the community in 1968. In subsequent years, the Nation has gradually assumed more responsibility for program delivery under various bilateral (Siksika-Canada) and tripartite (Siksika-Canada-Alberta) agreements.

A report outlining the financial situation of the Siksika Nation for the fiscal year 1992-1993 was prepared for the Royal Commission on Aboriginal Peoples by a project team at the Siksika Nation. This report identifies all sources of revenue available to the Siksika Nation in 1992-1993, describes the programs carried out by the Nation for its members, and outlines a number of concerns with the way the government of Canada and the province of Alberta have chosen to provide financial resources to First Nations generally, and the Siksika Nation specifically.

2.2 Structure, functions and environment

The Siksika Nation is located about 100 kilometres east of Calgary, Alberta. The current population of the Siksika Nation is 4,253 members, of whom approximately 2,800 reside on-reserve. Siksika Nation lands total close to 73 thousand hectares (180 thousand acres) and form the second-largest land holding of any First Nation in Canada's provinces.

The legal structure and operating environment of the Siksika Nation are established to a significant degree by the federal *Indian Act*. The Nation is governed by a Chief and 12 Councillors who are elected every two years. The Chief and Council direct the administration of the Siksika Nation with the support of an executive director and a director of operations. These directors delegate functions to administrative divisions in the areas of government services, human resources, lands, and resource development. These four divisions are staffed in turn by a total of 12 division directors.

In 1992-1993, the Siksika Nation operated a very comprehensive administration which managed over 200 program initiatives. In order to carry out these diverse initiatives, the Siksika Nation is composed of more than ten legal entities, including the Siksika Economic Development Corporation, the Siksika Nation Housing Society, the Siksika Family Services Corporation and the Siksika Board of Education, all of which operate with considerable financial autonomy.

In 1994-1995, the Siksika Nation plans to consolidate some corporate entities and to establish a centralised treasury to receive and distribute funds in accordance with priorities established by the Chief and Council. In the interim, in preparing its report the project team developed a hypothetical central treasury to receive all income from outside sources, including rental payments from Siksika Nation members (but not including internal transfers from, for example, the Siksika Department of Social Services to the Department of Housing). Accordingly, the Siksika case study was written as if the central treasury existed and each service area received their funding from this central agency instead of from external agencies.

2.3 Revenue structures and trends

The Siksika Nation receives direct funding, principally from the federal Department of Indian Affairs and Northern Development, but also from other federal departments and, to a much more limited extent, the province of Alberta. The Nation may also draw on own-source capital and revenue monies held "in trust" by the Minister of Indian Affairs pursuant to specific provisions of the Indian Act, in addition to limited revenue-raising capacities.

In 1992-1993, the Siksika Nation received direct funding from over 30 sources. The single largest funding source was the Department of Indian Affairs and Northern Development (DIAND), which provided a total of $14.357 million through Alternative and Comprehensive Funding Arrangements (in addition to contributions pursuant to tripartite agreements between the Siksika Nation, Canada and Alberta, described below).

An Alternative Funding Arrangement (AFA) is a block funding agreement between DIAND and a First Nation community. There are two elements of flexibility in such agreements: first, as long as a band meets specified services standards it may reallocate unused funds (with the exception of funds for capital projects) to other areas of concern instead of refunding them to the Department at the end of each fiscal year, and secondly, the agreement is for five years instead of one. The Siksika Nation AFA was signed in April 1990.

Not all of the legal entities established by the Siksika Nation entered into the AFA. The most notable exclusion was the Siksika Board of Education, which retained a program-specific funding agreement with DIAND for elementary and secondary education programming. In addition, several programs offered by DIAND and taken up by Siksika, such as the community-based self-government negotiations process, were subject to a limited time frame and hence excluded from the AFA. Finally, funding provided by DIAND for Siksika employee benefits was provided on the agreement that these monies would be used solely for the purchase of benefit programs, and unexpended funds would be recovered by DIAND. Accordingly, employee benefits funding was also excluded from the AFA.

The form of financial arrangement used to accommodate DIAND programs excluded from the AFA is a Comprehensive Funding Arrangement (CFA), which is negotiated on a yearly basis. A CFA in the amount of $2.684 million was approved on April 1, 1992, and was adjusted a total of 17 times through the 1992-1993 fiscal year. The final value of the 1992-1993 CFA was $4.086 million.

In 1992-1993, the Siksika Nation entered into a number of specific contribution agreements with federal government departments and agencies, including the departments of Employment and Immigration, Health, Parks, and the Canadian Mortgage and Housing Corporation (treated separately and described below). In 1992-1993 these specific agreements (excluding agreements with the Canadian Mortgage and Housing Corporation) provided total revenues in the amount of $1.949 million.

There are several types of programs available to First Nations to provide federal government assistance for new housing on reserves. The Canadian Mortgage and Housing Corporation (CMHC) provides funding to band councils, in conjunction with programs offered by DIAND, through its on-reserve housing program. In 1992-1993, the CMHC provided the Siksika Nation with a total of $483 thousand to subsidize the construction of 103 units of social (affordable) housing on-reserve. The CMHC also provided the Siksika Nation with

$83 thousand in the form of forgivable loans under the residential rehabilitation assistance program, increasing the total assistance from CMHC to the Siksika Nation to $566 thousand.

Non-profit housing corporations are also commonly used to finance housing construction on Indian reserves. In this situation, the First Nation housing corporation enters into an agreement with a private financial institution to secure funds to build new housing. As commercial lenders are prohibited by the *Indian Act* from holding mortgages on reserve lands, the Minister of Indian Affairs must guarantee such loans. In 1992-1993 the Siksika Nation Housing Society, a non-profit agency, received $1.347 million in loans advanced from commercial lenders for the construction of CMHC-approved housing units.

The Siksika Nation also received funds through two tripartite agreements with Canada and Alberta, and bilateral agreements with Alberta. Tripartite funding agreements totalling $2.753 million were negotiated in the areas of law enforcement and child welfare. The Siksika Nation received a total of $752.4 thousand ($410 thousand from the federal government and $364.6 thousand from the provincial government) to support programming in the area of law enforcement. The agreement relating to the provision of child welfare services totalled $2.001 million in 1992-1993; $1.820 million from the government of Canada (DIAND) and $180.9 thousand from the province of Alberta. The province also provided grants totalling $261 thousand to support various program initiatives.

Pursuant to the *Indian Act*, the Siksika Nation may also draw on capital and revenue trust accounts held by the Minister of Indian Affairs. In general, capital and revenue monies belonging to First Nations are composed of oil and gas revenues or the proceeds of land claims settlements. In 1992-1993, the Siksika Nation transferred a total of $2.513 million from their revenue trust account and $1.310 million from their capital trust account to support various programs.

Finally, in the fiscal year under study the Siksika Nation generated revenues from a number of activities (which are not subject to the trust account provisions of the *Indian Act*), including the lease of agricultural land, the management of a vacation resort, the taxation of non-Indian interests, and miscellaneous sources including the sale of assets. Together these activities generated $629.7 thousand in 1992-1993. The Siksika Nation collected a total of $115 thousand in housing rental payments for non-social housing from Nation members. Finally, the commercial complex on the reserve generated $180 thousand of lease revenue; however, none of these monies were transferred to the Siksika treasury, as this revenue was used by the Siksika Economic Development Corporation to subsidize operating losses. Table 2.1 summarizes the funding received by the Siksika Nation in 1992-93.

Table 2.1 Siksika Nation Revenues by source and amount (1992-1993)

Description	Funding Source	Amount ($ million)
Alternative Funding Arrangement	Department of Indian Affairs and Northern Development	10.271
Comprehensive Funding Arrangement	Department of Indian Affairs and Northern Development	4.086
Specific Contribution Agreements	Various federal departments including: Health and Welfare (Medical Services Branch); Employment and Immigration; Parks	1.949
Tripartite Agreements	Siksika/Canada/Alberta	
• Law enforcement		0.752
• Child welfare		2.001
Project-specific grants	Alberta	0.261
Revenue Trust Accounts	Own-source revenues	2.513
Capital Trust Accounts	Own-source revenues	1.310
Housing programs	Canadian Mortgage and Housing Corporation	
• Housing subsidies		0.483
• Forgivable loans		0.083
Commercial loans for housing construction	Commercial sources	1.347
Housing rental income	Siksika Nation members who are Siksika Nation tenants	0.115
Agricultural leases	Non-member lessees	0.351
Commercial leases[1]	Commercial lessees	0.180*
Hidden Valley Resort - management fees	Hidden Valley Resort	0.150
Taxation revenue	Taxation of non-Indian interests on-reserve	0.086
Miscellaneous	Miscellaneous sources (sale of assets, various fees)	0.043
TOTAL		26.001

[1]Funds not transferred to Siksika Treasury; therefore not added to total.

2.4 Expenditure structures and trends

As noted above, in 1992-1993, in addition to running a general administration program (encompassing expenditures for the elected Chief and Council, as well as financial administration) the Siksika Nation administered over 200 program initiatives. These included:

- public works
- economic development
- law enforcement
- social housing
- social development
- child welfare and family services
- elementary, secondary and post-secondary education, and
- culture and language programs.

While program-specific expenditures are not available, the project team was able to provide details on the allocation of the major transfer payments received by the Siksika Nation. As noted above, the AFA was the largest single transfer to the Siksika Nation in 1992-1993. The AFA funds provided by DIAND were allocated on the basis of "planning elements" in the areas of economic development; lands, revenues and trusts; education (operations and maintenance funding for educational facilities, and post-secondary education for Siksika Nation members; elementary and secondary education programming was funded through a program-specific agreement with DIAND); social development; community facilities (public works); capital construction and band management. Actual expenditures were as follows:

Table 2.2 Siksika Nation Alternative Funding Arrangement Expenditures, 1992-1993

Siksika Service Area	Amount ($ thousands)
Siksika Family Services Corporation	4,559.7
Public work	1,751.1
Old Sun College and other post-secondary education programs	1,310.1
Financial administration	834.8
Siksika Nation Housing Society	815.4
Siksika Board of Education (operations and maintienance funding	441.3
Economic development (Siksika Economic Development Corporation)	241.4
Culture and heritage	095.3
Chief and Council	080.1
Lands	057.1
Membership	030.3
TOTAL	10,226.1

The balance of AFA funding not decentralised to a specific program (slightly less than $45 thousand) remained with the Siksika treasury.

The project team noted that a portion of AFA funding was directed to activities such as culture and heritage programming which have never been funded by DIAND. The flexibility contained in the AFA and the efficiency gains achieved through this form of Aboriginal self-government also allowed the Siksika Nation to transfer funding provided for economic development initiatives to the Old Sun Community College, a private accredited educational institution located on-reserve, to support an alternative high school program for adults. Accordingly, it would appear that costs associated with the administration by the Siksika Nation of programs for Siksika members may be lower than those associated with other, non-local forms of administration.

The second-largest funding source was the Comprehensive Funding Arrangement, also composed of funds from DIAND. In 1992-1993, CFA funds were expended as follows:

Table 2.3 Siksika Nation Comprehensive Funding Arrangement Expenditures, 1992-1993

Siksika Program Initiative	Amount ($ thousands)
Elementary and secondary education programming	2,990.3
Self-government negotiations	827.6
Employee benefits	165.4
Resource access negotiations	050.0
Daycare	048.6
Agricultural programming	004.5
TOTAL	4,086.4

The Siksika Nation entered into a number of specific contribution arrangements with departments and agencies of the federal government. In 1992-1993 these specific arrangements provided a total contribution of $1.949 million (excluding CMHC contributions), and supported programming, in decreasing order of expenditure levels, in the areas of irrigation; transportation for consumers of medical services; health services; alcohol abuse prevention; a study of the feasibility of transferring health programming to the Siksika Nation; family crisis services; instructional support; and an Earthlodge project.

The Nation also received grant funding totalling $261 thousand from the province of Alberta. These funds were used to support programming in the areas of daycare; tourism; weed control; home improvement for senior citizens, and the Earthlodge project.

In 1992-1993, the Siksika Nation transferred a total of $2.513 million from their revenue account and $1.310 million from their capital account, both held in trust for the Nation by the Minister of Indian Affairs, to support various programs. Revenue account monies were used to support programs in the areas of land claims; irrigation and other agricultural programming; recreation facilities and parks; heritage and culture; an elders lodge; the operations of the Siksika treasury; family care services; daycare; the Siksika Board of Education, and weed control. Capital account monies were used to support the Siksika Nation Housing Society; office rent for the Siksika Economic Development Corporation; funerals; legal fees; public works and housing services; community facilities; the elders lodge; debt service for housing programs; financial administration, and the expenditures of the elected Chief and Council.

2.5 Funding social housing at Siksika: a case study

The study prepared by the Siksika Nation project team provides a detailed examination of the financing of social (affordable) housing on the Siksika reserve. The issue of on-reserve housing is seen by the project team as a case in point of the difficulties the Nation faces in financing public services for its members, with respect particularly to the availability of federal financial support for public services on-reserve.

Much of the information presented by the project team regarding the financing of housing is reproduced here, as a case study of the financial arrangements supporting the Siksika Nation.

The project team writes (pp. 14-18):

> When the Blackfoot (Siksika) Reserve #146 was established in 1879 the majority of Siksika members were still living in tepees in their traditional band groupings. As food became scarce and the need to move tepees in search of the buffalo faded into history, the majority of families moved into small, wood-framed dwellings with dirt floors. Most of these dwellings were not properly heated and were extremely overcrowded. The combination of cold, poor diet, overcrowded living conditions, and lack of natural immunity to European diseases resulted in the spread of tuberculosis and the death of more than 1,500 Siksika members.
>
> In 1910 the Government of Canada decided that the Siksika Nation did not require the land base provided by Treaty Seven and proceeded to arrange for the sale of more than 125 thousand acres [50.6 thousand hectares]. The revenues from this contrived

sale of Siksika land was used to provide food, farm equipment and housing for Siksika members. While accurate records are difficult to obtain, it would appear that 100 per cent of the cost of constructing new houses between 1914 and 1955 was provided from Siksika Nation trust funds and not from the government of Canada. The value of housing constructed during this period exceeded $500 thousand.

In 1946, the government of Canada created the [Canadian] Mortgage and Housing Corporation and began providing substantial loans and subsidies for the construction of social housing. Unfortunately not one single dollar of assistance available through CMHC reached First Nations between 1946 and 1966. In fact First Nations were even restricted from borrowing CMHC funding for social housing by [DIAND].

In 1966 [DIAND] finally introduced a program to assist First Nations in the construction of social housing for their membership. This new program offered a maximum grant of $6 thousand per unit for construction and a small contribution to cover transportation of materials. However no funding was provided to subsidize the annual cost of operating and maintaining the social housing stock. During the same period the Government of Canada was offering to provide provincial and municipal housing authorities with up to 75 per cent of the operating losses of social housing projects.

Although the capital grants available through [DIAND] gradually increased in value from 1966 to 1985 the majority of First Nations, including the Siksika Nation, could not keep pace with increasing demand for both new units and major repairs and renovations. The only way to meet this growing demand was to use funding obtained from the revenue and capital trust accounts. Between 1966 and 1993 the Siksika Nation has withdrawn over $12 million from their trust accounts to construct and maintain social housing.

By 1982, [DIAND] realised that programs offered through CMHC should be made available to First Nations. Since 1985, the Siksika Nation has financed the construction of 69 social housing units through the non-profit programs offered by the CMHC. Under the shelter provisions of the Canada Assistance Plan, [DIAND] provides the Siksika Nation with operating subsidies for all social housing units financed with the approval of CMHC.

However, the Siksika Nation still maintains over 300 social housing units which were constructed prior to 1985 without a single dollar of support from CMHC or [DIAND]. At present, the Siksika Nation is only able to address repairs which endanger health and safety, and over $1 million of necessary repairs cannot be addressed within the existing budget of social housing. The neglect of social housing cannot continue and the government of Canada must act immediately. [....]

If these social housing units were not located on First Nation land the government of

Canada and the province of Alberta would provide the housing authority or private landlord with the rent necessary to maintain the units, including the cost of debt service. If the Siksika Nation Housing Society operated a 300-unit housing portfolio outside of First Nation lands, they would receive a minimum of $1.2 million in rental payments from government sources. In effect, the Siksika Nation is providing a $1.2 million annual subsidy to the Government of Canada and the Province of Alberta.

The total housing portfolio of the Siksika Nation at March 31, 1993, was 582 units, with 26 units under construction. Of this total, 107 were constructed with the support of CMHC. The project team concludes that "no one sector of the Canadian population has received less support for social housing, when expressed in terms of need, than First Nations" (page 16).

2.6 Discussion

The Siksika Nation project team identified a number of "frustrating aspects" of existing financial arrangements. These include:

- funding uncertainty and inadequacy,
- constraints imposed by the *Indian Act*,
- problems with the financial aspects of intergovernmental relations between Siksika, Canada and Alberta,
- problems with the role of DIAND and the federal government in general, and
- the changing target of federal programs from "status Indians" to "Native" or

"Aboriginal" recipients.

The project team concluded that the funding provided by the government of Canada "barely covers the provision of a minimum level of service to Siksika Nation members," (p. i) and moreover there is continual uncertainty attached to funding for future years. The Siksika Nation is also prevented by provisions of the *Indian Act* from raising funds from commercial sources to expand the economic base. In particular, the land regime in the *Indian Act* makes conventional mortgages and the use of reserve land as collateral very difficult.

Accordingly, the project team recommends a new approach to the construction and maintenance of capital assets. For example, the Nation has been denied access to capital to construct a "much-needed" high school. The DIAND has agreed that a high school is warranted, but does not have sufficient capital to provide funding prior to 1996. Under the Siksika proposal, the Department would provide a "letter of comfort" to a financial institution stating that once the school was completed the Nation would receive funds each month which could be applied to debt service. This letter would allow the Siksika Nation to approach financial institutions for a commercial lending arrangement.

The project team also expressed concern over various aspects of intergovernmental relations between Siksika and the federal and provincial governments. For example, when the first AFA was signed, in April 1990, the Siksika Nation expressed concern over the potential to transfer the financial responsibility for Siksika Nation members living off-reserve to the provincial government. The project team states that the federal and provincial governments then asked First Nations in the Treaty Seven area to sign a memorandum of understanding which would support the provincial payment of social assistance to First Nation members living off-reserve. The Siksika Nation did not sign the memorandum, and informed the federal government, apparently to no avail, that it could not transfer its responsibility for the provision of social assistance funding for Nation members to Alberta without the consent of the Siksika Nation.

The project team reports that in recent months the province had denied social assistance benefits to Siksika Nation members attending post-secondary institutions on a part-time basis. In addition, the province had cut the level of assistance provided to employable adults and smaller families. These changes have led to the return of many individuals and families to Siksika lands. When the Siksika Nation requested additional assistance from DIAND to meet this increased demand, the project team reports that they were informed that assistance would only be provided if the Siksika Family Services Corporation was in deficit in the year in question. The result is that if the Nation is successful in achieving reductions in social assistance for its membership, these savings must be used "to cover the legitimate obligations of the government of Canada or the province of Alberta" (page 31). The project team also notes its concern that the province will not accept the fiduciary responsibilities of the government of Canada which are rooted in Treaty Seven.

The project team noted specific difficulties with the role played by DIAND in providing financial support to the Siksika Nation. These difficulties included restrictions on funding available to support the elected Chief and Council, the failure to provide funds to support pensions for elected officials, and, with reference to on-reserve social housing, the historic prevention of the Siksika Nation from accessing federal programs to support social housing. The federal government generally is also criticized for funding arrangements and levels in the social housing sector. Concern is expressed that the federal government has provided much higher subsidies to provincial, municipal and non-profit agencies than to First Nations.

Finally, the team noted difficulties with recent changes in federal programs, some of which are now directed at "Aboriginal" or "Native" peoples as opposed to status Indians on reserves. The team was concerned that this shift dilutes historical treaty obligations and reflects a "refusal to recognize the specific entitlements of the Siksika Nation" (page ii) under Treaty Seven.

The study concludes with a view to the future. For the past several years, the Siksika Nation has been developing a Siksika Nation Government Act to replace the federal *Indian Act*. This legislation, if enacted, would free the Siksika Nation from some of the existing constraints on financing the administration of First Nations, such as restrictions on the use of reserve lands as collateral. Whether Siksika Nation Government legislation is enacted or not, the Siksika Nation's "ultimate goal" is to identify all program activity currently carried out by other government agencies on behalf of the Nation and to establish an appropriate means of transferring responsibility for these programs, along with "equitable funding" to the Nation.

The Nation could then provide services directly to its members or could purchase services for Nation members.

3. KATIVIK REGIONAL GOVERNMENT

3.1 Introduction

The James Bay and Northern Quebec Agreement was signed in 1975 by associations representing the Cree and Inuit peoples of Quebec; the governments of Quebec and Canada, and three provincial crown corporations. Briefly, in exchange for the surrender of aboriginal "claims, rights, titles and interests" to the 640 thousand square kilometre agreement territory, the James Bay and Northern Quebec Agreement (JBNQA) provides the Cree and Inuit of the region with compensation monies and a variety of benefits and rights.

Section 12 of the JBNQA established provincial government obligations to draft special legislation relating to local government north of the 55th parallel in Quebec. In 1978, the government of Quebec enacted Bill 26, An Act concerning Northern Villages and the Kativik Regional Government, known as the Kativik Act. The two parts of the Kativik Act establish two corresponding levels of government within the Kativik region, now generally called Nunavik. The first part of the Act establishes Inuit settlements as "northern village municipalities" under provincial jurisdiction, while the second incorporates the Kativik Regional Government (KRG). Northern village municipalities exercise powers within 14 settlements, while the KRG enforces municipal-type regulations for the remainder of the territory (excluding lands set aside for Cree communities under the JBNQA). Today, these

Nunavik governing institutions are partly autonomous entities and partly methods for involving the Inuit in the regional administration of provincial and federal government programs.

A case study of the financing of the KRG was prepared in 1993 for the Royal Commission on Aboriginal Peoples by Marc Malone. The study first describes the context in which the KRG and other related Nunavik institutions function. Secondly, it describes and evaluates the financial arrangements which apply to the KRG. The report then compares and contrasts the financial situation of Nunavik and other Arctic jurisdictions. Finally, the financial arrangements supporting Nunavik institutions are assessed and compared to proposed arrangements now under discussion with the government of Quebec.

3.2 Structure, functions and environment

The Kativik Regional Government is a public governing structure composed of an elected council with representatives from each of the 14 member communities in the region, and an executive committee supported by permanent staff. The KRG member communities are located along the Hudson and Ungava coasts in northern Quebec, and in 1993 were inhabited by a total of approximately 7,200 Inuit and 800 non-Inuit residents. The area under KRG jurisdiction totals 304 thousand square kilometres.

By virtue of the Kativik Act, the KRG has jurisdiction in the following areas:

- local administration, with paramountcy in relation to municipal by-laws

- transport and communications
- justice
- health and social services
- education
- economic development, and
- environment, resources and land use management.

Under the direction of its council, the KRG:

- acts as a regional authority over the entire territory, including municipalities
- operates a general administration program, which includes permanent staff supporting the operations of the elected council, the executive committee, and relations between the KRG and other regional institutions
- provides technical assistance to its member municipalities, in areas such as housing, fire protection and town planning
- provides legal advice and support to other regional and municipal institutions of government
- supports environmental, resource management and recreation services
- provides human resource development programs and services, including some federal and provincial programs, and
- provides financial services, including loans to municipal governments.

In addition to the KRG and the 14 Nunavik municipalities, there are three regional organizations to which the KRG is linked. These are the Kativik Regional Development Council, an economic development agency; the Kativik Regional Board of Health and Social Services, which at the time of writing was poised to become a regional health board with a separate council of directors; and the Kativik School Board. There is also an ethnic (Inuit) development corporation in the area, now called Makivik Corporation. The case study of the financing of the KRG does not include financial information on these regional bodies, or on KRG's constituent municipalities.

The physical environment in which the KRG functions has profound implications for its financial situation. The KRG Study notes that due to its isolation, "Nunavik constitutes, for all practical purposes, an island off the coast of Quebec" (page 8). In particular, there is no road network linking the communities or providing access to southern Quebec; maritime services are irregular and risky, and accordingly air services, while expensive, supply the only reliable bridge to the outside world. In 1993, cost of living indices in the smaller municipalities "surpassed 200 percent" (page 39) of those in southern Quebec communities. In short, the region's climate, its distance from urban centres, and its small, highly-dispersed population -- only three communities have more than 1,000 residents -- together lead to very high costs in the provision of public services.

Demographic factors in the region also affect KRG's financial needs and situation. According to the study, "explosive population growth" (page 9) and a very young population overall lead to very heavy pressure on the public sector. In 1993, there were twice as many people under 20 years of age than elsewhere in the province, while the natural population growth was four times higher. Life expectancy for Inuit has also increased since the 1950s by almost twenty years. In summary, the study points out that the environment in which the KRG operates is "unique": "the North is not just a colder version of the South" (page 4).

3.3 Revenue structures and trends

The KRG receives direct and indirect funding from a mix of federal and provincial sources, and has some revenue-raising capacities. The bulk of KRG's funding in the years examined by the case study was provided by the provincial government, which received funds from the federal government to support its expenditures in Nunavik. The majority of provincial funding was transferred from the Ministry of Municipal Assistance, pursuant to yearly budget negotiations with KRG officials.

In 1992-1993, the combined budgets of the Kativik Regional Government, the regional development council, the school board and the health and social services board totalled \$92.5 million for a population of 8,000. The study notes that this budget amounts to roughly \$11,500 in regional spending on a per capita basis. This figure can be broken down as follows:

Table 3.1 Nunivik Government Agencies: Budget estimates, 1992-1993

Governing institution	Budget ($ million)
Kativik Regional Government	18.1
Kativik School Board	40.0
Kativik Health and Social Services Council	
• Present Council Budget	2.3
• Future Board Budget	31.0
Kativik Regional Development Council	1.1
TOTAL	92.5

Malone's study also provides detail on KRG budgets for 1986, 1988, 1991 and 1992 as follows:

Table 3.2 Kativik Regional Government: Revenues 1986, 1988, 1991, 1992 ($ million)

Year	Own-source revenues	Other sources of revenue [1]	Total revenues
1986	1.6	8.6	$ 10.2
1988	2.4	10.0	$ 12.4
1991	7.8	8.8	$ 16.6
1992	7.4	9.3	$ 16.7

[1] The major source of "other" revenues for all years is the Quebec Ministry of Municipal Assistance. Other sources include the provincial ministries of housing, environment, recreation, justice and Aboriginal affairs; the federal departments of health, fisheries, employment and immigration; and the Kativik School Board and Makivik Corporation.

Table 3.2 demonstrates that the proportions of outside source and own-source revenues for the KRG have shifted in the last several years. The bulk of own-source revenues appear to be transfers from the municipal corporations which in turn derive their revenues from outside transfers. As Torben Drewes and Harry Kitchen note (in *Current Practices in Financing Aboriginal Government*, prepared for the Royal Commission on Aboriginal Peoples in May 1995), reported own-source revenues for the KRG do not derive from taxes on significant local tax bases, directly or indirectly, but are instead ultimately transfers into the region (pages 70-71).

The KRG has limited revenue raising capacities, including the power to levy municipal-type taxes (in the absence of taxation by municipal corporations) on Nunavik lands and waters, and the right to a share of municipal taxation in the region. However, the case study comments that the KRG tax base is "anemic" at best, as "there is no private property to speak of in northern Quebec" (page 30). Revenues can also be raised through charges for services and rentals, and for the management of loans to municipalities.

The KRG study notes that while it appears the KRG has received increased resources from 1986 to 1993, in real terms the single largest transfer payment -- from the Quebec Ministry of Municipal Assistance -- has declined in this period, from a high of $6.6 million in 1988 to $3.7 million in 1992. The study also notes decreases from 1991 to 1992 in grants from provincial housing and environment ministries, along with anticipated cuts, starting in 1993, in federal programs which support the construction of houses in Nunavik communities.

Finally, the study notes that despite its broad and unique mandate, the KRG ultimately has a "very tight" and "provincially-controlled" budget which amounts to less than half of the budget of the Kativik School Board (page 18).

3.4 Expenditure structures and trends

In general, KRG expenditure patterns "reveal the high cost of any service in an Arctic clime" and reflect the KRG's limited fiscal autonomy. Both of these factors lead to high costs associated with personnel: Malone notes that the main expenditures by the KRG in 1986 and 1988 included salaries, transportation and accommodation for staff, transfers to communities, contracts and financing costs. In particular, costs associated with staff transportation and accommodation are "gigantic" (page 32), owing to the requirement to negotiate continually the regional government's budgets with ministry offices in southern Quebec, and to the high costs associated with transportation in and out of isolated communities in Nunavik.

Malone has provided a summary of the main expenditure items of the KRG, by department, in the years 1986 and 1988 as follows:

Table 3.3 Kativik Regional Government Expenditures by department: 1986, 1988 ($ million)

	Municipal technical assistance	Environment	Resource management	Job creation	Special projects
1986	8.080	0.280	2.270	0.278	0.263
1988	8.989	0.330	2.992	0.325	0.344

Details are also available for 1992, although captured under slightly different department headings, as follows:

Table 3.4 Kativik Regional Government expenditures by department: 1992 ($ million)

	Municipal technical assistance and general administration	Environment	Human Resource Development	Job creation	Hunter Support program	Other programs
1992	12.072	0.454	0.384	0.464	3.141	0.053

Table 3.4, in particular, shows that the largest expenditure sector for the KRG is the provision of technical assistance to member municipalities (roughly 70 per cent of the KRG budget in 1986 and 1988).

3.5 Revenue and expenditure comparisons across Arctic jurisdictions

The study cautions that it would be "futile" (page 44) to compare federal expenditures for status Indians on reserves with the budgets of Nunavik regional institutions, or with spending by Quebec on Inuit in Nunavik. It notes that the provision of services to non-Inuit Aboriginal peoples costs far less than the provision of services to Inuit, and adds that Nunavik institutions provide services to the entire regional population (some 20 per cent of which is non-Inuit). Accordingly, the study holds that if comparisons of the financial situation of the KRG with other jurisdictions are to be made, they must be to northern or Arctic jurisdictions, such as the Northwest Territories and Greenland. Ultimately, the study finds that these regions, both inhabited by Inuit, enjoy greater financial responsibility than the

KRG, and that per capita expenditures, especially in the areas of health, social services, education, culture and employment, are similar across the Arctic.

The study notes that the Northwest Territories (NWT) has some marked dissimilarities with the KRG: the Aboriginal population in the NWT is considerably smaller, as a proportion of the total population; the overall economy is more vibrant; and the region possesses significant natural resource development potential. His review of the financial situation of the government of the Northwest Territories shows that the NWT spent $21 thousand per capita in 1992-1993. The study adds that Nunavik shares with the Northwest Territories the "twin challenge" of very high costs in providing services and a narrow tax base. The comparison of the financial situations of the NWT and Nunavik concludes that both regions are politically and fiscally dependent, share similar cost constraints in the development of programs and similar cost of living indices, but the NWT is a "quasi-provincial" (page 46) jurisdiction which deals with Ottawa and the provinces on "a *de facto* basis of equality" (page 46), and has access to much broader revenue-raising powers.

Greenland, which is populated largely by Inuit and operates under a form of "home rule" as a component of the Kingdom of Denmark, shows a per capita outlay of $16 thousand per capita in 1987. When adjusted to 1993 dollars, this figure "corresponds to Canadian Arctic norms" (page 53) for public service expenditures. Greenland has a fairly broad tax base (by Nunavik standards), coupled with resource revenue-sharing potential which could provide an important base of own-source revenues if mineral development proceeds. Greenland can also establish a tax regime autonomous from Denmark's taxation regime including personal income, corporate, import and excise taxation. The study also notes that the Danish multi-year, formula-based block funding grant to Greenland "demonstrates the difference between Danish and Canadian attitudes to local government" (page 53) and "the need for imagination" (page 55) in financial arrangements for the Canadian Arctic. With regard to cross-jurisdictional comparisons, it should be noted that the emerging Nunavut Territory in the eastern Arctic after it becomes operational in 1999, will provide the most relevant source of comparisons for the Nunavik region.

3.6 Discussion: Financing a Nunavik Government

The KRG case study identifies a number of shortcomings in the current financial situation of the KRG from the perspective of Nunavik Inuit. The main problems described are:

- the requirement to annually negotiate programs and funding with various provincial ministries, and the province's ability to have the "final word" (page 30) over KRG budget priorities. Annual negotiations and provincial oversight "blur accountability" (page 17) in Nunavik and present obstacles to planning;
- the fiscal gap, or mismatch between resources and revenues in Nunavik; and
- the absence of any central political institution in Nunavik to "provide accountability and a sense of direction" (page 59) to governance.

As a secondary matter, the study concludes that Nunavik Inuit are "overtaxed by any objective standard" (page 13). In summary, higher purchase prices in Nunavik lead to relatively higher goods and services and provincial sales tax expenditures for residents; the federal northern income tax deduction is applied uniformly throughout northern Canada "in apparent neglect of the Arctic's unique cost structure" (page 13); and federal and provincial income tax rates are uniformly applied throughout Quebec, in spite of regional cost variances. In addition, many Inuit do not file personal income tax returns, which prevents them from taking advantage of those tax credits which are available.

These shortcomings would be corrected, the study suggests, through the implementation of new governing agreements -- supported by new financial arrangements -- now being discussed by the Nunavik Inuit and the Government of Quebec. These discussions are focusing on the creation of a new form of Inuit-majority public government, the Nunavik Assembly, in northern Quebec. The Nunavik Assembly would merge the existing KRG, Kativik School Board and Kativik Health Board to "provide a central forum for political debate and accountability" (page 62) in a region presently lacking such focus. The government of the Assembly would exercise jurisdiction over all territory north of the 55th parallel in Quebec (excluding territory set aside for Cree communities under the James Bay and Northern Quebec Agreement).

The KRG study comments that any new governing structures should be supported by new financing arrangements. The objectives of such arrangements would be to:

- improve financial accountability and planning in the public sector;
- improve political accountability, with a corresponding decline in provincial accountability for public services;
- enhance "fiscal equity" for Nunavik residents as compared to other Quebec residents,

especially in the tax field;

- expand own-source revenues and broaden the local economic base; and
- establish a more predictable financial framework.

Since 1991, Nunavik politicians have suggested that the existing system of annual, program-specific transfer payments to the KRG and associated regional institutions should be replaced by a multi-year, formula-based block funding arrangement, subject to joint review and designed to accommodate further devolution of federal and provincial programs and services. There are several precedents for such an arrangement, the study suggests, including the equalization principles set out in section 36 of the Constitution Act, 1982, and the existing block funding arrangement between the government of Canada and the governments of the Yukon and Northwest Territories. The study also emphasizes the block funding aspects of Denmark's financial support of Greenland. While the study acknowledges that formula funding arrangements in Canada "give rise to controversy" (page 68) it advises that the resulting budget flexibility, enhanced planning capacity and savings from the consolidation of existing regional institutions would together lead to an overall decline in transfers to the Nunavik region.

The KRG study concludes briefly that the new financial arrangements proposed for the Nunavik government will have limited application elsewhere in Canada as a model for financing Aboriginal governments, and, given current fiscal restraints, "funds available will have to be managed with dexterity and ingenuity" (page 73).

4. THE UNITED NATIVE NATIONS

4.1 Introduction

The United Native Nations is a non-profit society "dedicated to giving a political voice to the social and economic concerns of Aboriginal peoples living off-reserve" (page 3) in British Columbia, with particular emphasis on those in the greater Vancouver area. With an enrolled membership base of 28 thousand, the society represents more generally the interests of the estimated 70 to 100 thousand Métis, status and non-status Aboriginal people living off-reserve in British Columbia (BC).

Non-status Indians are those who, for one reason or another, are not registered under the *Indian Act*. Prior to 1985, the largest group of non-status Indians were Indian women who lost their status because they married men without Indian status. Changes made to the *Indian Act* by Bill C-31 in 1985 partially removed this discrimination. The federal government, however, has retained control over the determination of Indian status. Other Aboriginal Peoples who do not have Indian status include the Inuit, the Métis, and Indian women.

Today, Aboriginal peoples in general are taking control over an increasing number of programs and services for the off-reserve aboriginal population. By providing services directly through aboriginal institutions and organizations, Aboriginal Peoples are seeking to provide more relevant and more effective services.

A case study of the current financial and political situation of the United Native Nations (UNN) was completed for the Royal Commission on Aboriginal Peoples by Damian Prentice in 1994. This study includes a revenue history for the UNN for the period from 1983 to 1993, including information on federal, provincial, non-governmental and own-source revenues, and details on programs and services (including program revenues and expenditures) provided by the society in 1992-1993.

The UNN's objectives are set out in a written constitution. They include organizing and uniting Native people; re-establishing the sovereignty of Aboriginal Nations and Peoples and signing treaties and agreements with other "Sovereign Nations;" ensuring the resolution of land claims in BC; enhancing education, training and employment opportunities for Aboriginal people; working to ensure the protection and "safe return" of Aboriginal children to their nations; and lobbying "all levels of government" on behalf of Aboriginal Peoples.

4.2 Structure, functions and environment

Membership in the UNN, which is extended on a lifetime basis, is divided into three categories: full, associate and honourary. Full membership can be held by an individual or a local organization. An individual must be of Aboriginal ancestry, over the age of sixteen, and have lived in BC for at least three months. Associate membership is extended to spouses and children of members, and honourary membership may be extended to "those warranting special consideration." In order to qualify for membership, local organizations must operate within the province of BC, have at least nine members who are also members of the UNN, and conform to the rules and requirements of the UNN. Local members operate independently of the UNN office, but receive support and advice from the head office.

General demographic information on UNN membership is not available, and Prentice reports some internal resistance to collecting and making available demographic data "due to the danger of misinterpretation" (page 6) of this data. Prentice notes that both interprovincial and on- and off-reserve migration can lead to overestimation of the UNN membership base.

The UNN's political and executive structure is made up of a president and vice-president, elected by the full membership at an annual general meeting. There are also nine directors, one for each of nine geographical zones into which the UNN has divided the province in order to ensure province-wide representation on the executive. Each director, along with an alternate director, is elected for a two-year term by the membership of that geographic zone. The board of directors together appoints a treasurer-secretary.

In order to meet its objectives, the UNN has initiated and developed a total of seven programs and services, as follows:

- the Bill C-31 Reinstatement Legal Assistance Program, to assist and support persons applying for Indian status and to provide information on the rights and benefits associated with Indian status;
- the Family Reunification Program, facilitating reunions between family members separated by adoption or the child apprehension process, and assisting "those adopted

or apprehended" (page 4) in applying for Indian status;

- the 1-800-Family Referral Service, providing information and counselling regarding child welfare and the role of the provincial Ministry of Social Services in the area of child protection through a toll-free telephone line;
- various social housing programs for Aboriginal and non-Aboriginal people in rural BC, delivered through the BC Native Housing Corporation, a wholly-owned subsidiary of the UNN;
- Aboriginal Personnel Services Limited, which endeavours to secure employment for Aboriginal people and provides cross-cultural training to employers;
- the Employment Development Program, a human resource development program for Aboriginal Peoples;
- an Environment Program, which presents an aboriginal perspective on environmental issues, and
- a modest scholarship program to assist Aboriginal persons in furthering their education.

The UNN also aids in carrying out surveys on Aboriginal issues and has participated in various federal, provincial and municipal policy round tables.

Reflecting the UNN membership's preference for power-sharing and community control, when programs or services reach a critical mass, they are taken over by independent societies or corporations. To date, the following independent societies and corporations have been initiated by the UNN:

- the Vancouver Native Housing and Kekinow Native Housing societies, providing for the housing needs of Aboriginal Peoples in urban settings;
- the Kw'aza'tsut Job Finding Club, a referral and support group for people seeking employment;
- the Vancouver Aboriginal Child Family Service, which takes referrals from government departments for counselling;
- the Tale'awtxw Aboriginal Capital Corporation, which administers a capital fund for the purpose of urban, off-reserve aboriginal economic development; and
- the Urban Representative Body of Aboriginal Nations (URBAN), an umbrella organization for 60 aboriginal groups in the lower mainland of BC which provides a forum to meet, discuss and coordinate activities (the UNN acts as the political voice for this group).

At the national level, the UNN is an affiliate of the Native Council of Canada (since re-named the Congress of Aboriginal Peoples). The UNN also has a "close relationship" (page 8) with most of the Aboriginal organizations in the Vancouver area, including a "continuing spirit of cooperation" (page 9) with the provincial organization of First Nations operating under the *Indian Act*, the Union of British Columbia Indian Chiefs.

The UNN has developed working and funding relationships with both the federal and provincial governments. In 1994, the main federal contact was the federal interlocutor for Métis and non-status Indians, a position created in the federal cabinet in 1985. In 1992-1993 federal funding was provided largely through the Canadian Mortgage and Housing Corporation and the Secretary of State. In recent years, the UNN has strengthened its relations with the government of British Columbia. This strengthened relationship reflects a shift from past years when there was no working relationship "due in part to the provincial position of denying responsibility for off-reserve Aboriginal peoples and in part to problems in physically identifying the portion of the population that the UNN actually represents" (page 7). Recently, the province has approached the UNN seeking input on the redrafting of provincial adoption legislation.

4.3 Revenue structure and trends

The United Native Nations receives or generates funding from federal, provincial, non-governmental and internal sources. In 1992-1993, there were 11 separate funding sources, the most significant of which were the federal and provincial governments.

Federal funding sources included the Secretary of State, the Canadian Mortgage and Housing Corporation, and the department of Employment and Immigration. The most important of these were the Canadian Mortgage and Housing Corporation and the Secretary of State. Resources were obtained from the Canadian Mortgage and Housing Corporation through "agency agreements" with the BC Native Housing Corporation (BCNHC). The Corporation operated four CMHC programs in 1992-1993: the Rural and Native Housing program; the Residential Rehabilitation Assistance program; the Emergency Repair program; and the

Housing Counselling program. Since 1991, the UNN has received annual "core funding" through the Aboriginal Representative Organizations Program operated, in 1992-1993, by the Secretary of State. The UNN also received project-specific grants from the Department of Employment and Immigration to train supervisors of a youth employment program, to assist Aboriginal peoples in job searching and enhance their employability, and to provide employment counselling services.

In 1992-1993, the province provided funding to the UNN through the ministries of Social Services and Health. Social Services funding was used to support the 1-800 Family Referral Service, and Ministry of Health funding supported a health liaison program linking Aboriginal peoples and medical professionals in the Prince George area.

Other funding sources in 1992-1993 included the Native Council of Canada and the BC Law Foundation.

The UNN's own-source revenues in 1992-1993 included membership fees, donations, and other contributions and fund-raising activities. In 1994, the lifetime membership fee was $5 per member, with a $2 membership card replacement fee. (Prentice reports substantial opposition to a yearly membership fee.) The revenues collected from donations and contributions are very limited, such that "any reliance on these as a funding source would be imprudent" (page 10). At the same time, the UNN does not have adequate discretionary funding to mount a substantial fundraising campaign. In 1993, the UNN hosted the National

Aboriginal Housing Symposium, from which some revenues were generated, largely through participant fees. The Aboriginal Personnel Services component also generates revenues through fees for Aboriginal awareness workshops. In 1992-1993, workshops were provided to the federal government's Public Service Commission, the Departments of Indian Affairs and Health and the Yukon Territorial Government.

In summary, the revenues of the UNN in 1992-1993 were as follows:

Table 4.1 United Native Nations: revenues by source and amount, 1992-1993

Source	Description	Amount ($ thousands)
Federal Secretary of State	Core funding for UNN administration through Aboriginal Representative Organizations Program	390.8
Federal Department of Employment and Immigration	Programs used include: • "Challenge" program • Environmental Youth Corps • Job Action • Employment Counselling	227.0
Canadian Mortgage and Housing Corporation (through BCNHC)	Programs supported include: • Rural Native Housing • Residential Rehabilitation Assistance • Emergency Repair plus management fees	1,314.3
BC Ministry of Social Services	Funding to support: • Bill C-31 Reinstatement Legal Assistance program • Family Reunification program	25.9
BC Ministry of Health	Funding to support: • Health liaison worker • 1-800 Family Referral program	13.0
National Aboriginal Housing Symposium	Participants fees and miscellaneous revenues	62.7
BC Law Foundation	Funding to support: • Bill C-31 Reinstatement Legal Assistance program • Family Reunification program	75.7
Native Council of Canada	Funding to support: • meetings and surveys relating to the proposed constitutional amendments of 1992 • awareness-building prior to the 1992 constitutional referendum	66.3
Fees for Aboriginal Awareness workshops	Fees paid by workshop recipients	40.5
Donations	own-source revenues	2.8
Membership fees	own-source revenues	2.1
Miscellaneous	miscellaneous revenue sources	11.3
TOTAL		2,232.4

4.4 Expenditure structure and trends

As noted above, the UNN operates a total of seven programs and services in a variety of areas. The report prepared for the Royal Commission on Aboriginal Peoples provides expenditures on a program-specific basis, as follows:

Table 4.2 United Native Nations revenues and expenditures by program, 1992-1993

Program	Revenues ($000)	Expenditures ($000)
General/administration	484.0	524.0
BC Native Housing Corporation	1,321.2	1,174.8
1-800 Family Reunification	26.0	28.2
Bill C-31 Reinstatement Legal Assistance program	83.1	126.1
Aboriginal Personnel Services Limited	40.6	95.0
Employment and Immigration projects	191.4	194.3
Health Liaison	13.0	12.7
Native Council of Canada contracts	66.3	95.4
TOTAL	2,225.6	2,250.5

Table 4.2 demonstrates that, overall, the UNN showed a modest deficit (approximately $25 thousand) for 1992-1993. Several specific programs or components accumulated deficits, including the general administration component, the Bill C-31 Reinstatement Legal Assistance program and the Aboriginal Personnel Services program. Prentice notes that the BC Law Foundation suspended funding for the Bill C-31 Reinstatement Legal Assistance program in 1993, and that "due to the recession and a demand-driven labour market" (page 27), the Aboriginal Personnel Services program was not able to charge placement fees for Aboriginal employees in 1992-1993.

Prentice notes particular difficulties in obtaining adequate funding for administrative expenditures. Where funds are available through various grant programs to cover administrative costs, they are unlikely to reflect the true costs of administering programs and the other activities of the UNN. "The difference in administration costs for a high-budget program and a low-budget program can be very small" (page 12-13). Prentice also comments that only a few external funding sources allow for program development costs, and that both overall administration and program development costs are substantial and the funding received to date is inadequate.

The report also indicates that when the UNN identifies "gaps in the social framework" (page 10), it acts to provide programs and services from discretionary funding or own-source revenues as a stop-gap measure until a funding source can be found. The UNN has also developed a number of "embryo programs," such as the environment program started in

November 1993. The mandate of this program is to bring an Aboriginal perspective to environmental discussions. Prentice notes that UNN representatives have now participated in environmental conferences in Canada, Costa Rica and Brazil. In September 1993, the UNN also added a pilot project relating to community tourism in the Vancouver area and supported by the provincial Ministry of Social Services.

4.5 United Native Nations funding: 1983 to 1993

The report prepared by Prentice includes a review of the financial situation of the society over the period from 1983 to 1993. This review indicates that total funding fluctuated "quite significantly" over this period (page 34), with most funding renewed on an annual basis. The only commitment to any ongoing permanent funding was from the Department of the Secretary of State under the Aboriginal Representative Organizations Program. The UNN was added to the list of Aboriginal organizations to which the Secretary of State provides ongoing funding in 1991. Prior to 1991, the Aboriginal Representative Organizations Program funded the UNN on an *ad hoc* basis. Today, funding levels are not guaranteed from year to year, and the core funding provided by the Secretary of State does not cover all the core activities of the UNN. The review also shows that most funding arrangements are partly conditional, specifying the final product to be delivered, while unconditional grants are relatively small.

Over the period from 1983 to 1993, federal funding was received from the Canadian Mortgage and Housing Corporation, the Secretary of State, and the departments of Indian

Affairs and Northern Development, Employment and Immigration, and Justice. Funding was also provided through federal programs for economic development. The BC government provided funding to the UNN through the ministries of Health, Social Services and Aboriginal Affairs, and the provincial lottery.

Other funding sources between 1983 and 1993 included the Native Council of Canada, which provided funding for projects in the areas of constitutional development and Aboriginal self-government, health and Aboriginal lands issues. The BC Law Foundation supported the Bill C-31 Reinstatement Legal Assistance program for six years, from 1987 to 1993, including support for the production of a booklet on the rights and benefits associated with Indian status.

In the period between 1983 and 1993, own-source revenues consisted of donations, membership fees, transfers from the BC Native Housing Corporation, Aboriginal Awareness workshop fees, and miscellaneous other sources including revenues from raffles, benefits, casino nights, the sale of a building, consulting services, participant's fees from a national housing conference, the proceeds from an art auction, and monies received from the production of a play funded by the Department of Employment and Immigration and a private foundation.

4.5 Discussion

Prentice notes that the UNN membership is "extremely demanding" (page 9) in terms of the level and kinds of services they are seeking, and "to complicate matters the membership is by no means unified in what they expect" (page 9). In particular, some members seek complete autonomy from the federal and provincial governments in order to maintain their political independence. Correspondingly, the UNN today has complex relationships with governmental funding agencies. Prentice notes that "on one hand the UNN is criticizing government and playing the role of political advocate, yet on the other hand the UNN must cooperate with governments in program and service delivery to survive" (page 6).

Prentice's report summarizes that most funding agreements with federal and provincial government sources are short-term, and many are project-specific. This means long-term planning for service delivery and political activity is "extremely limited" (page 11). This limitation on long-term goals has meant that the UNN has had to continually divert resources from achieving the society's objectives, as set out in its constitution, in favour of short-term considerations, such as the month-to-month survival of the organization.

Funding agreements with government agencies also tend to be relatively inflexible, dissuading innovation or flexibility in service delivery. A notable exception is those programs accessed by the BC Native Housing Corporation, in which fee-for-service payments "allow effective and flexible delivery of social housing programs" (page 11). Prentice calls the BCNHC an "outstanding success" (page 11) for the UNN.

The federal interlocutor for Metis and non-status Indians is singled out for particular criticism in the report. Prentice comments that the commitment to the welfare of off-reserve Aboriginal people demonstrated by the interlocutor is seen by the UNN as "less than satisfactory" (page 6).

Prentice concludes that the UNN "generates substantive positive externalities" with the outside funding it receives. These include the identification of social problems facing the UNN membership, the development of local expertise and problem-solving skills in the off-reserve Aboriginal community, innovation in service delivery, and the governmental liaison and advisory capacities fulfilled by the UNN. Accordingly, cuts in funding to particular UNN programs have much broader and deeper effects than the loss of specific programs or program components.

5. DISCUSSION AND CONCLUSIONS

The three Aboriginal governing bodies discussed in this report are quite dissimilar in terms of the legal basis of their authority, their governing structure and functions, and their political and financial relationships with other governments.

The Siksika Nation, an ethnic government largely constituted by the federal Indian Act, has the strongest federal presence in its financial arrangements. Relations with the province, and correspondingly provincial transfers to the Siksika Nation, are less significant. The Nation is able to draw on revenue and capital trust accounts held for the community by the Minister of Indian Affairs. These funding sources were used in 1992-1993 to support a wide variety of expenditures and the reports, authors note in particular the past uses of these own-source revenues to support the construction of housing in the community. In summary, in 1992-1993 the Siksika Nation received approximately $26 million in total revenues, which translates to roughly $9.3 thousand in per capita expenditures for 2,800 on-reserve members.

The barriers to the economic development of reserve lands imposed by the *Indian Act* and funding practices of the Department of Indian Affairs are viewed by the Siksika Nation as barriers to the community's economic development and self-reliance. Ultimately, the Siksika Nation is seeking to replace the *Indian Act* with Nation-based governing arrangements, and to receive funding for and provide services to all Nation members, including those living outside its reserve domain. The Siksika project team states that these funding arrangements should accommodate fiscal self-reliance: the fiscal transfer system should encourage less reliance on the federal government, generally, and on federal transfers, specifically; and stimulate the development of an independent resource base.

The Kativik Regional Government is a public (non-ethnic) government providing services to the largely Inuit population of 14 communities in the Nunavik region of northern Quebec. The legal basis for the authority of the Kativik Regional Government is the provincial *Kativik Act*. By virtue of the James Bay and Northern Quebec Agreement, the province of Quebec provides the bulk of outside financing to the KRG, although the province receives federal transfers to support provincial expenditures in the Nunavik region. In 1992-1993, the KRG received a total of $18.1 million in revenues from all sources, while the combined funding for the KRG, the Kativik School Board, the Kativik Board of Health and Social Services and the Kativik Regional Development Council totalled $92.5 million. This total represents approximately $11.5 thousand in per capita expenditures for Nunavik residents, 20 percent of whom are non-Inuit. The isolation and remoteness of the KRG's member communities affects KRG budgets and expenditures, which the report author holds are similar across Arctic jurisdictions in Canada and Greenland. In the future, the KRG is pursuing an unconditional block funding transfer to support renewed public governing arrangements and increased federal and provincial program devolution in Nunavik.

The United Native Nations is a non-profit society representing the interests of and providing services to Métis and non-status and off-reserve First Nation people in BC, with a particular focus on the greater Vancouver area. The UNN's membership base is approximately 28 thousand people, although the society represents the interests of some 70 to 100 thousand people across British Columbia. The UNN receives funding from both the federal and provincial governments, although it has no constituent legal base similar to the *Indian Act* or the *Kativik Act*. The programs and services provided by the UNN are largely within the social services sector, and include housing, child and family, and employment development services. Members of the UNN also receive programs and services from other governing bodies, including the federal, provincial and municipal governments, to a much greater degree than members of the Siksika Nation or the KRG. In 1992-1993, the UNN received a total of $2.232 million in funding from federal, provincial, non-governmental and other sources. Due to the shifting nature of the UNN's membership, a breakdown of expenditures on a per capita basis would have little utility. In summary, the UNN's report emphasises the difficulties imposed by conditional and short-term funding arrangements for organizational development and planning.

Despite the dissimilarities between three governing bodies there are nonetheless some similarities in their financial situations. All three report authors comment that the funding these bodies received in the year under study was inadequate. The Siksika Nation noted in particular that existing funding "barely covers the provision of a minimum level of service to Siksika Nation members." The authors of all three cases studies also held that existing transfers made no provisions for the real cost of government. These costs, according to the authors, would include:

- the costs of isolation, leading especially to high personnel costs, for the KRG; and the costs associated with the provincial oversight of KRG budgets, including frequent trips south for budget negotiations;
- the costs associated with administering programs, and with administrative and program development for the UNN; and
- for the Siksika Nation, the costs associated with maintaining a system of political and executive leadership which differs from that recognised under the *Indian Act*, and the cost of providing services to all Siksika Nation members, whether located on- or off-reserve.

Both the Siksika Nation and the KRG reports note the need for capital expenditures for their members, with the Siksika also calling for a new way to finance such expenditures.

All three authors mention the unstable nature of their funding arrangements and the uncertainty in allocations from year to year. They conclude that current financial arrangements act as disincentives to planning and development. The authors, particularly the UNN report author, also note the inflexibility of current funding arrangements. The five-year block funding Alternative Funding Arrangement through which the Siksika Nation receives the bulk of its federal transfers is the most stable and flexible financing arrangement of those surveyed. This arrangement has permitted the community to direct funding to previously-unfunded programs in accordance with community goals. In addition, the efficiency gains achieved through this form of Aboriginal self-government (local administration of programs supported by block funding transfers) demonstrate that the costs associated with self-government will not necessarily increase from current levels, and may decrease.

The three bodies have quite different revenue-raising capacities. Recent provisions of the *Indian Act* allow the Siksika Nation to tax non-Indian interests on-reserve, although the Siksika project team does not mention Siksika Nation taxation of its members. The KRG's existing taxation authority is in practice very limited, due to the "anemic" tax base in the region. The KRG report also notes that Nunavik Inuit are taxpayers, unlike status Indians, although virtually no information is available on tax yields in Nunavik. The UNN's revenue-raising capacities do not include taxation, but are limited to those available to non-profit societies generally. The report author notes that the UNN does not have the resources to support a sustained funding drive.

All three governing bodies have made use of innovative structures, including independent societies and corporations, to access various provincial and federal funding such as Canadian Mortgage and Housing Corporation assistance to non-profit housing corporations. The issue of social housing, in particular, is mentioned as a significant concern by all three report authors. The UNN views the existing fee-for-service arrangements through which its wholly-owned subsidiary, the BC Native Housing Corporation, generates revenues as an "outstanding success" and an example of flexible and effective funding arrangements. The KRG notes impending cuts in federal programs which support housing in Nunavik communities despite an "urgent need" for capital expenditures in Nunavik. The Siksika Nation, for its part, contends that the federal government has provided much less generous subsides for the construction of housing at Siksika than for provincial and municipal governments, and that "no one sector of the Canadian population has received less support for social housing, when expressed in terms of need, than First Nations."

Finally, the three reports taken together reveal tensions over which level of government is ultimately responsible for programs and services directed at Aboriginal peoples. These tensions may increase if the UNN's report author is correct in his prediction that current reserve-to-city migration patterns indicate that the off-reserve population will soon outnumber the on-reserve population (page 6).

In conclusion, these three case studies point to certain prerequisites for the public financing of self-governing Aboriginal governing bodies. Future financial arrangements to support Aboriginal governing bodies should be supported by a new policy framework which takes into account:

- the need for "core" funding for Aboriginal governing bodies, including bodies which are primarily service delivery and advocacy organizations, such as the UNN. Core funding would be intended to offset the costs associated with general and administrative activities;
- the need for greater certainty in financing arrangements for Aboriginal governing bodies, including multi-year arrangements where possible;
- the need for a centralized self-government fiscal negotiations capacity and a central authority for fiscal transfers within the federal and/or provincial governments (as opposed to the current situation for the Kativik Regional Government, in which budget negotiations were conducted with 17 provincial government departments);
- the need for a greater, but perhaps not exclusive, use of unconditional transfers;
- the need to accommodate northern and remote cost factors in transfer agreements; and
- the requirement for financial arrangements to accommodate varying levels of own-source revenues.

APPENDIX: LIST OF ACRONYMS

AFA	Alternative funding arrangements
APS	Aboriginal Personnel Services
BC	British Columbia
BCNHC	British Columbia Native Housing Corporation
CFA	Comprehensive funding agreement
CMHC	Canadian Mortgage and Housing Corporation
DIAND	Department of Indian Affairs and Northern Development
JBNQA	James Bay and Northern Quebec Agreement
KRG	Kativik Regional Government
UNN	United Native Nations
NWT	Northwest Territories