

## Factsheet #12 **Financing Agreement**

Making sure the new DéljĪŃĒ Got'jĪŃĒ Government (DGG) has the funding it needs to take on the responsibilities of the DéljĪŃĒ First Nation, the DéljĪŃĒ Land Corporation and the Charter Community, as well as its new powers and responsibilities is a shared responsibility of the three governments. How this will be done is described in the Financing Agreement.

### ***What is the DéljĪŃĒ Financing Agreement?***

The DéljĪŃĒ Financing Agreement (FA) is a contract between the DGG, Canada, and the GNWT. It describes how the DGG will be funded and how much funding the DGG will receive to fulfill its obligations and responsibilities under the DéljĪŃĒ Final Self-Government Agreement (FSGA). The FA lasts for five years, and will be renewed every five years. This is a more reliable way to get funding because currently governments and organisations in DéljĪŃĒ can only plan based on the funding they receive one year at a time.

### ***What is in the DéljĪŃĒ Financing Agreement?***

The Agreement has six parts.

The first part describes in a general way how the DGG, Canada and GNWT will work together to ensure the DGG FA works. It includes:

- *how funding will be determined,*
- *how the DGG will report on how the funding is used, and*

- *how the DGG, Canada and the GNWT will resolve issues and make sure that if emergencies or unforeseen situations happen, that the DGG will have enough funding to carry out its responsibilities*

The other five parts of the Agreement – called “schedules” – explain in detail how Canada and the GNWT will provide their funding, how funding amounts will increase each year, and how the DGG will contribute to funding its own operations through contributions from its Own Source Revenues.

### ***Schedules A and B: Canada’s funding to the DGG***

These two schedules describe funding that Canada will provide to the DGG. Schedule A describes the funding Canada provides the DGG every year for “governance and administration”. Schedule B describes that Canada will also provide “one time implementation funding” – funding that the DGG will use to set up its operations.

Schedules A and B describe:

- *How much base funding Canada will provide to the DGG*
- *What the funding must be used for*
- *Details on how the funds will be provided to the DGG and calculated every year*

### ***Schedules C and D: GNWT’s funding to the DGG***

Schedules C and D describe the funding that the GNWT will provide to the DGG. They describe:

- *Local services that will be funded under the FA*
- *How funding for local services will be provided to the DGG by the GNWT, as well as how the funding provided will be adjusted each year*

### ***Schedule E: The DGG’s contribution***

Schedule E describes how the DGG will contribute its own funds to its operations. The DGG’s own funds are called “Own Source Revenues” (OSR), and include:

- *Funds the DGG raises through taxes*
  - *business income (when this is transferred to the DGG from a business)*
  - *fees, charges, fines and penalties, and*
  - *money made from property and investments of the DGG*

Any revenues received by the DGG on behalf of beneficiaries, and deposited into Beneficiaries' Board accounts are not considered as OSR of the DGG. However, if the Beneficiaries Board directs that money from Board accounts is to be transferred to the DGG to fund a public program that benefits beneficiaries as well as non-beneficiaries, then any moneys transferred will be counted as OSR of the DGG.

***How will the DGG's OSR affect what Canada and GNWT provide to the DGG for its administration and programs?***

The OSR provisions of the FA will not affect the GNWT funding to the DGG.

OSR will affect the funding that is provided to the DGG by Canada, but only after the first five years, and possibly then only in a small way. For the first five years, the DGG's OSR will not affect the amount of funding that Canada will provide to the DGG.

After the first five years, Canada will take OSR into account when determining its level of funding. In the 6th year, the DGG may have to use some of its OSR to fund its administration and programs. Initially this may be up to 3.3% of the OSR that the DGG has raised in a year. The OSR amount that the DGG will have to contribute goes up by about 3% per year, until it reaches a maximum of 50% of the DGG's OSR in Year 20.

***Here is an example:***

If the base amount of the Grant from Canada is \$2,000,000; and

If the DGG has raised OSR in the amount of \$500,000 in Year 6 of the FSGA and FA, the DGG will have to contribute 3.3% of its eligible OSR to fund its administration and programs, less the 'basic exemption' of \$235,800.

**OSR Contribution = (\$500,000-\$235,800) x 3.3%**

**OSR Contribution = \$264,200 x 3.3%**

**OSR Contribution = \$8,718**

In this example, the Grant from Canada to run the DGG for that year would be reduced by \$8,718, for a total Grant of \$1,991,281.

No matter what the calculated amount of the DGG's OSR contribution, the Financing Agreement says the Grant from Canada will not be allowed to fall below a minimum amount.



***What is the total yearly funding to the DGG under the FA?***

The DGG’s negotiated base funding under the FA is:

|                                                      |                     |
|------------------------------------------------------|---------------------|
| Total Federal Funding (Ongoing)                      | \$1,622,342         |
| GNWT Local Services Funding                          | \$2,711,068         |
| <b>Total Base Funding for DGG (annual)</b>           | <b>\$4,333,410*</b> |
| <b>Total Federal One-Time Implementation Funding</b> | <b>\$1,482,710*</b> |

\*These amounts will be “price adjusted” prior to Effective Date, and the annual base funding amount will be price adjusted each year based on a formula that has been agreed upon.

***What does it all mean for Délı̄nẹ?***

The Financing Agreement is intended to make sure that the DGG has the funding it needs to operate and deliver the programs and services it is responsible for. Overall, self-government will mean a significant increase in funding over what the Délı̄nẹ First Nation, the Délı̄nẹ Land Corporation and the Charter Community now receive.

■ ***Today***

The DFN, DLC and Charter Community receive about **\$5.3 million** per year to run their operations, programs and services.

■ ***Under Self-Government***

The DGG will have total revenues of approximately **\$7.5 million** each year to run its operations, programs and services.

***\*For an illustration of funding changes from the way things are today to how funding will be with self-government see diagrams #1 and #2 in this information kit.***