



## Peace Hills Trust's AFOA Article on Resiliency

Title: PCD: The need for Resiliency

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To be 'resilient' means to be able to withstand or recover quickly from difficult conditions. To say that First Nations and other Indigenous groups in Canada have faced 'difficult conditions' is a massive understatement. The numerous hardships that have befallen them are a matter of record that need not be repeated here.

Resiliency also means strength: strength in leadership; strength in membership. First Nations have needed to be strong just to survive the last 150 years. Strong leadership and strong members have ensured the survivability of the Nations. But now, perhaps more than ever, strength in leadership is necessary.

First Nations across Canada are coming into huge amounts of wealth through various types of settlements. These funds have the potential to change and improve the financial situations of many Nation IF the money is used wisely. Most settlements stipulate that the funds must be used for the long term benefit of the First Nation. This is in keeping with the 'seven generations' philosophy because settlements are meant to compensate for wrongs against the Nation, not individual members. It is true that the Nation is made up of its members, but the idea of compensating this generation of members instead of retaining and investing the funds for future generations has become a very contentious issue. This is where the strength in leadership becomes necessary.

When a large settlement comes down to a Nation, members, quite understandably, want the settlement to have multiple positive results: jobs for members; education for their children; better housing and infrastructure on reserve, etc. Many want economic development (in some form) to occur, or they may want the Nation to buy into or start some businesses that will create wealth for the Nation and its members. Members also usually want some kind of Per Capita Distribution ("PCD"). These are all common and understandable desires that every Nation has. A sad fact, which most members realize, is that no matter how big the settlement, there is never enough money to satisfy everyone's wants. It takes strong leadership to prioritize projects and programs so that the Nation's most important needs are met first. Unfortunately, this means saying 'no'

to some members' wants. Saying 'no' to members, some of whom are relatives, is probably the hardest thing for a Council to do, but it has to be done for the long term benefit of the Nation.

This is especially relevant when it comes to PCD payments. Some Nations have paid out entire settlements to the current generation as a PCD. When this is done, there are no long term benefits to the Nation as only the current generation receives benefits. This certainly goes against the philosophy of most Nations that says they are concerned about their future generations. From a legal point of view, paying out the entire settlement is usually a breach of the settlement agreement which contains a clause stating the funds must be used for 'the long term benefit of the Nation'. Paying out an entire settlement and not keeping anything for future generations is clearly not creating long term benefits for the Nation. This can also create future problems because it will result in lawsuits against the Councils, financial advisors and lawyers involved in the decision.

Paying out a reasonable part of the settlement (20%? - 25%) and investing the remainder for the benefit of future generations is the prudent way to go. Many Nations have trusts that are operating with Investment Policy Statements, professional investment managers and good governance systems. Those trusts are producing income every year that can be used by the Nations to pay for programs and services. This setup truly is providing long term benefits to the Nations, but it takes strong leaders (and members) to accept reasonable PCDs and put the remainder away for the long term benefit of future members.