



Coming Into Force of the First Nations Fiscal and Statistical Management Act

Timelines for accessing financing and
other services under the FSMA

Northwest Tribal Treaty Nations Special Assembly

April 7th, 2005

Delivered by Harold Calla, CGA, CAFM

FSMA Activities



FSMA Activities

Regulations

- ❖ Developed in coordination with the federal government, the FSMA is reinforced by 11 regulations:

First Nations Tax Commission Regulations

- 1) First Nations Rates and Expenditures Law Timing Regulation;
- 2) First Nations Assessment Appeals Regulation;
- 3) First Nations Taxation Enforcement Regulation;
- 4) First Nations Inspection Assessment Regulation;
- 5) FNTC Appointment Body Regulation;
- 6) FNTC Review Procedures Regulation.



FSMA Activities

Regulations (cont.)

First Nations Statistical Institute Regulation

- 7) Statistical Data Disclosure Regulation

Financial Management Board Regulations

- 8) Local Revenue Management Implementation Regulation
- 9) Fixing Fees to be Charged for Services Regulation



FSMA Activities

Regulations (cont.)

First Nations Finance Authority Regulations

- 10) Debt Reserve Fund Replenishment Regulation
 - 11) Short-term Pooled Investment Fund Regulation
- ❖ *Public Consultations on FSMA Regulations will be taking place across Canada between May and July 2005.*



FSMA Activities

Appointment/Approval Process

- ❖ Profiles and credentials for Board membership have recently been completed.
 - These will be posted shortly on www.fnfi.ca
- ❖ Applications will be vetted by committees consisting of:
 1. one industry representative;
 2. one government representative; and
 3. one First Nations representative
- ❖ Candidates for membership of the Boards of the FMB and FNSI, and of the Commission of the FNTC, will be selected by October 2005, then forwarded to the Governor in Council (GIC) and AFOA (in the case of the FMB) for appointments.



FSMA Activities

Internal Policy Development

- ❖ The Institutions are currently developing internal policy in the following areas:
 1. **Institutional Coordination:** many of the services offered under the FSMA involve coordination between the institutions; as such, clear policy surrounding these services, as well as the institutions' relationships to one another, need to be formalized.
 2. **Performance Measurement:** the institutions are developing policies surrounding audits and reporting methods to measure internal performance; this is to ensure that the institutions remain accountable to their clients and other stakeholders.



FSMA Activities

Treasury Board Submission (drafting)

- ❖ The Treasury Board Submission (TBS) provides the criteria for federal funding of a program or department.
- ❖ As such, it is concerned with evaluating results and risks.
- ❖ The drafting of the Results-based Management and Accountability Framework (RMAF), the section of the TBS concerned with evaluating performance, will be completed by August 2005.
- ❖ The first comprehensive evaluation of the institutions will occur in 2012.



FSMA Activities

Human Resources

- ❖ A Human Resources manual is required to define the following aspects of the institutions' operations:
 - ❖ Organizational structure
 - ❖ Job descriptions
 - ❖ Compensation and benefit schedule
 - ❖ Insurance requirements
 - ❖ Staff recruitment
 - ❖ Development of new staff training plan and materials



Steps to FSMA Participation



Steps to FSMA Participation

Step#1: Apply to Appear on the FSMA Schedule

(The FSMA Schedule is expected to close October 2005)

- ❖ The taxing and borrowing provisions of FSMA are available to only those First Nations that appear on the Schedule to the Act.
- ❖ In order to be placed on the Schedule, the council of an interested First Nation should submit a request to the Minister in the form of a Band Council Resolution.



Steps to FSMA Participation

Step #2: Begin Collecting Property Tax Under the FSMA (Available April 2006)

- ❖ In order to begin collecting property tax under the FSMA, a First Nation must pass a property taxation law and contact the FNTC to have their property tax law and local revenue laws approved by the Commission.
- ❖ The FNTC will assume approval powers from the Minister as soon as the FSMA has come into force (likely April 2006).



Steps to FSMA Participation

- ❖ In addition to providing these approvals, the FNTC also offers the services such as:
 - ❖ Training to the Tax Administration of a First Nation;
 - ❖ Formalized policy development and sample laws;
 - ❖ Prevent and minimize the costs of disputes by providing a mechanism for hearing the concerns of affected parties under First Nation tax regimes and reconciling conflicting interests;
 - ❖ Certification of a First Nations borrowing capacity via approval of borrowing laws.



Steps to FSMA Participation

Step #3: Financial Administration Law Approval (Available September 2006)

- ❖ The FMB will review s.9 financial administration laws for all First Nations who are borrowing members of the FNFA, as well as for all other First Nations that request the FMB to review their proposed financial administration laws.
- ❖ The process begins when a First Nation financial administration law is submitted to the FMB.
 - The law is then reviewed for compliance with the FSMA and its associated regulations, as well as FMB standards and procedures;



Steps to FSMA Participation

- ❖ FMB will either provide its approval of the law by publishing it in the *First Nations Gazette*, or else will suggest changes that will bring the law in line with FMB standards and procedures.
- ❖ FMB approval will ensure that the law provides for the provision of services to ratepayers, and that monies will be spent according to a plan that has been agreed to by the Chief and Council.
- ❖ Beginning September 2006, the FMB will provide sample financial administration laws for First Nations who are looking to borrow through the FNFA, or who simply wish to develop their own financial laws.



Steps to FSMA Participation

Step #4: Pass a Borrowing Law

(Available September 2006)

- ❖ Once the First Nation has received the certifications and approvals of the FMB, it must pass a borrowing law and submit it to the FNTC for approval.
- ❖ Approval of the borrowing law by the FNTC will confirm the following:
 1. That the project is eligible under the legislation (i.e. that it is for infrastructure purposes)
 2. That a feasibility study of the project has been carried out and the results were acceptable.
 3. That the costs associated with the project correspond to the borrowing room of the First Nation (established by the FNTC).



Steps to FSMA Participation

Step #5: Apply to be Certified by the FMB (Available September 2006)

- ❖ The FMB will play a critical role in inspiring the confidence of lenders (buyers of the First Nation bonds that will finance infrastructure) and investors.
 - ❖ Lenders will want additional assurance about the ability of First Nations to meet payment schedules on bonds;
 - ❖ Investors will want additional reassurance that the long term financial plan of a First Nation will ensure them quality services and fair taxes over the life of their investment.



Steps to FSMA Participation

- ❖ In order to satisfy the above requirements, the FMB will provide two certifications to a First Nation seeking entry into the FNFA borrowing pool:
 - 1) **Certification of Financial Management Systems (Level 1):** initial certification to ensure that the First Nation has adequate financial administration systems in place, including a financial administration law.
 - 2) **Certification of Financial Management Performance (Level 2):** required for each individual borrowing. Focuses on the First Nation's financial administration performance, as well as its financial administration systems and law to ensure that nothing has changed since level 1 certification was granted.
- ❖ These certifications will meet market and investor requirements, and will also ensure that a First Nation that borrows through the FNFA can meet its debt obligations and will not jeopardize the collective credit of the borrowing pool.



Steps to FSMA Participation

Step #6: Sign a Borrowing Agreement with FNFA

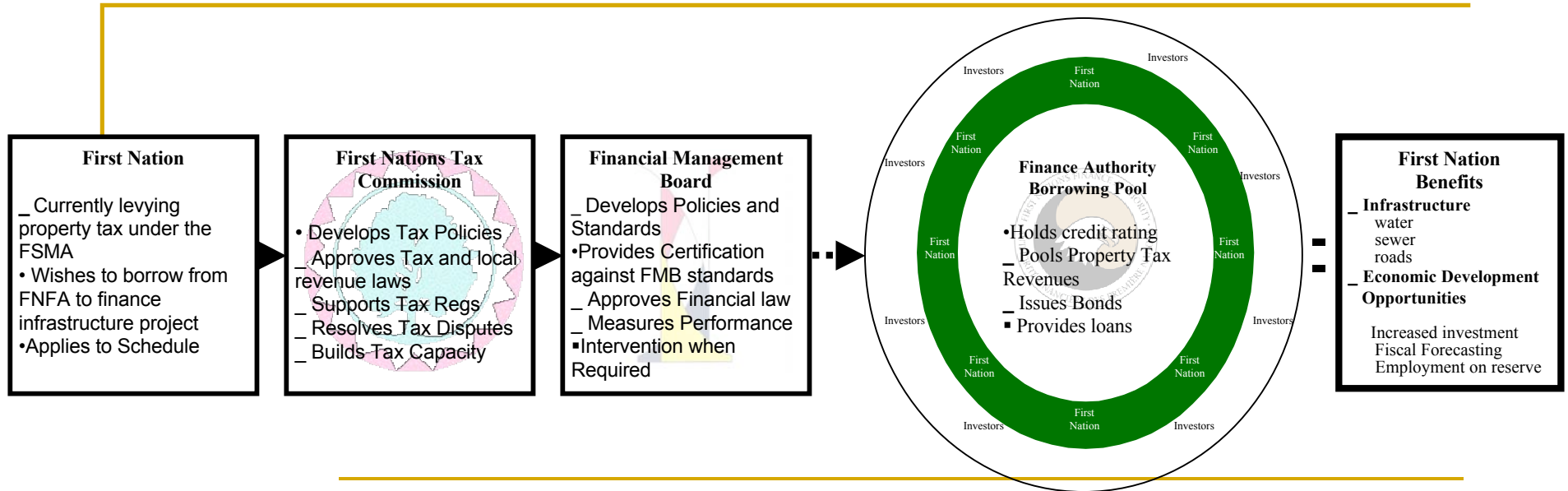
(The First FNFA Bond Issue is expected July 2008)

- ❖ Once a First Nation has received all of the approvals and certifications necessary to borrow, it will sign a borrowing agreement with the Finance Authority that lays out the terms of the loan (i.e. interest rate and repayment period of the loan) and establishes the First Nation as a member of the FNFA borrowing pool and bond issue.
- ❖ The First Nation will undergo regular monitoring to ensure that it continues to adhere to the standards upon which the financial management certification is based.
 - ❖ This monitoring is intended to ensure that the collective credit of the borrowing pool is never compromised.



First Nations Fiscal Institutions

The Borrowing Process



Support to First Nations and Institutions

First Nations Statistics

- _ Provides Access to Federal Data
- _ Research, Data Analysis, and Dissemination of Information
- _ Data Collection and First Nation Database Maintenance



Other Services Available Under FSMA



Other Services Available Under the FSMA

- ❖ From April 2006, the FSMA will offer many services to First Nations that do not appear on the FSMA Schedule:
 - ❖ Performance measures and standard compliance
 - ❖ Capacity building
 - ❖ Policy Development
 - ❖ Advisory services
 - ❖ Training and partnerships



Other Services Available Under the FSMA

- ❖ First Nations not appearing on the FSMA Schedule will also have the option of signing an agreement with the First Nations Statistical Institute (FNSI).
- ❖ This agreement will:
 - ❖ increase statistical capacity within First Nations governments, which will lead to more efficient uses of statistical information;
 - ❖ provide statistical data and analysis of social, economic and environmental conditions of First Nations people and their communities from a reputable, First Nations managed organization;
 - ❖ Maximize the use of data from the community level through to discussions with various orders of government.



Thank You

