

Access to capital for major resource projects

The *First Nations Fiscal Management Act* (FMA) and the Role
of the First Nations Financial Management Board (FMB)

Presented by the First Nations Financial Management Board
Nishbawbe-Aski Development Fund - Conference

28 October 2015



- FMA
- FMB
- Resource projects
- Working Together

Overview



- The *First Nations Fiscal Management Act* (FMA)
- The Role of the First Nations Financial Management Board (FMB)
- Opportunities in the value chain of major resource projects
- An example of First Nations working together in BC

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The FMA



- The *First Nations Fiscal Management Act* (FMA)
- Optional, First Nation led legislation
- Established three (3) institutions:
 - First Nations Finance Authority
 - First Nations Financial Management Board
 - First Nations Tax Commission
- Some objectives:
 - Access to capital
 - Strengthen First Nation financial management systems and financial performance
 - Strengthen First Nation taxation systems

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First Nations participating in the FMA (31 March 2015)



Black pins = FMA schedule

Red pins = FMA schedule & FMB certified

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The FMB

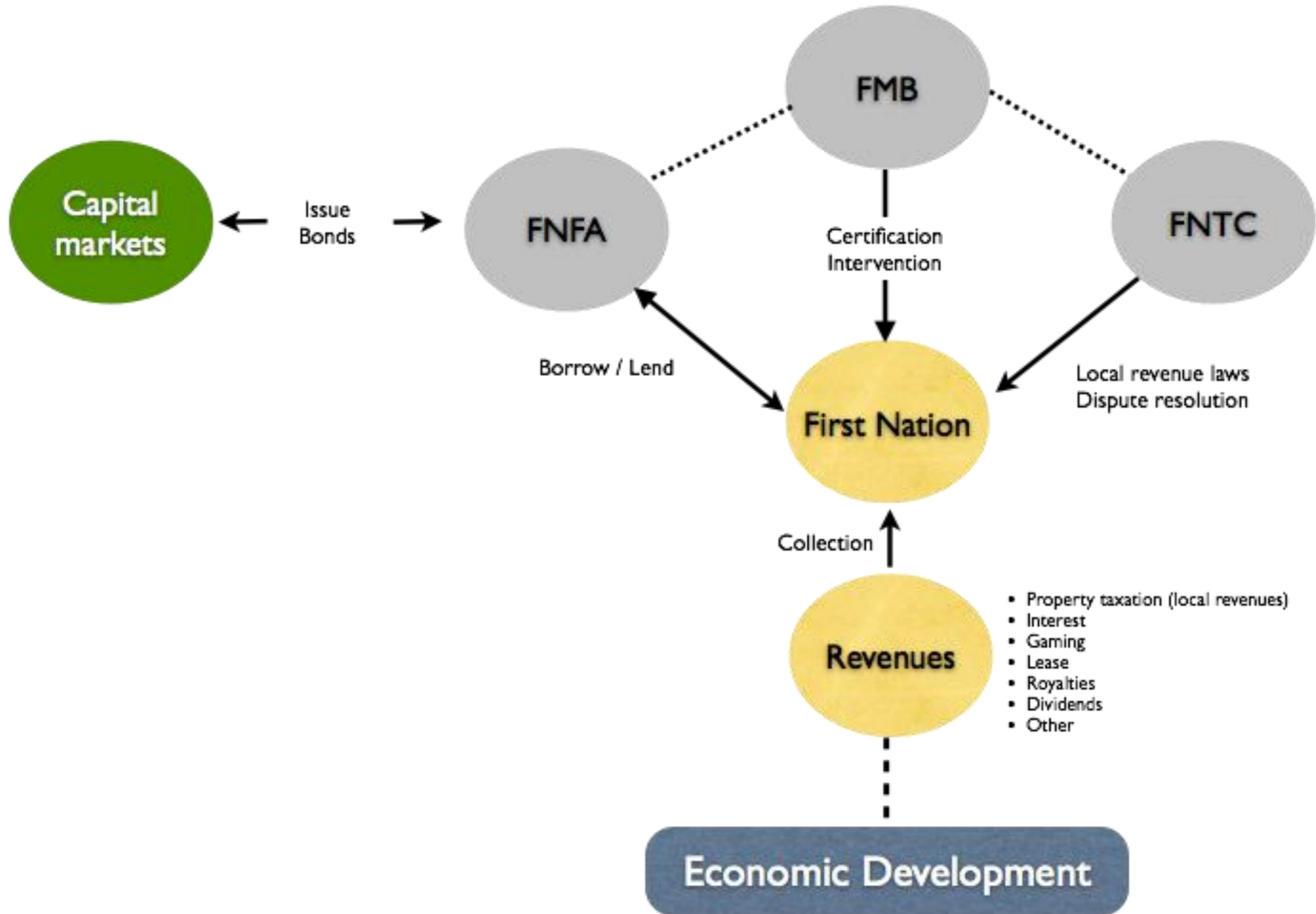


- The First Nations Financial Management Board
- A First Nation institution
 - Objective to support broader goals of the FMA - **access to capital**
- Core activities:
 - **Capacity development** - respond to First Nations
 - **Set standards:** Financial administration law, financial performance, and financial management systems
 - Upon request, **certify** that these standards have been met

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FMB Role



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Considering Major Resource Projects



- *"We have a responsibility to our people to ensure that our community standards are met. This includes receiving a fair share of the benefits from projects, and ensuring that our land and water is safe from the impacts of resource developments by asserting our influence in the environmental and regulatory processes;"*
- *"One option that would allow our community standards to be met is by owning a portion of the proposed projects;"*
- *" We want to fulfill our responsibility to our First Nations and do the necessary work to consider costs and benefits of options before us."*
- *"We are committed to working together to better understand how an ownership approach might work;"*

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Value Chain Example: Natural Gas



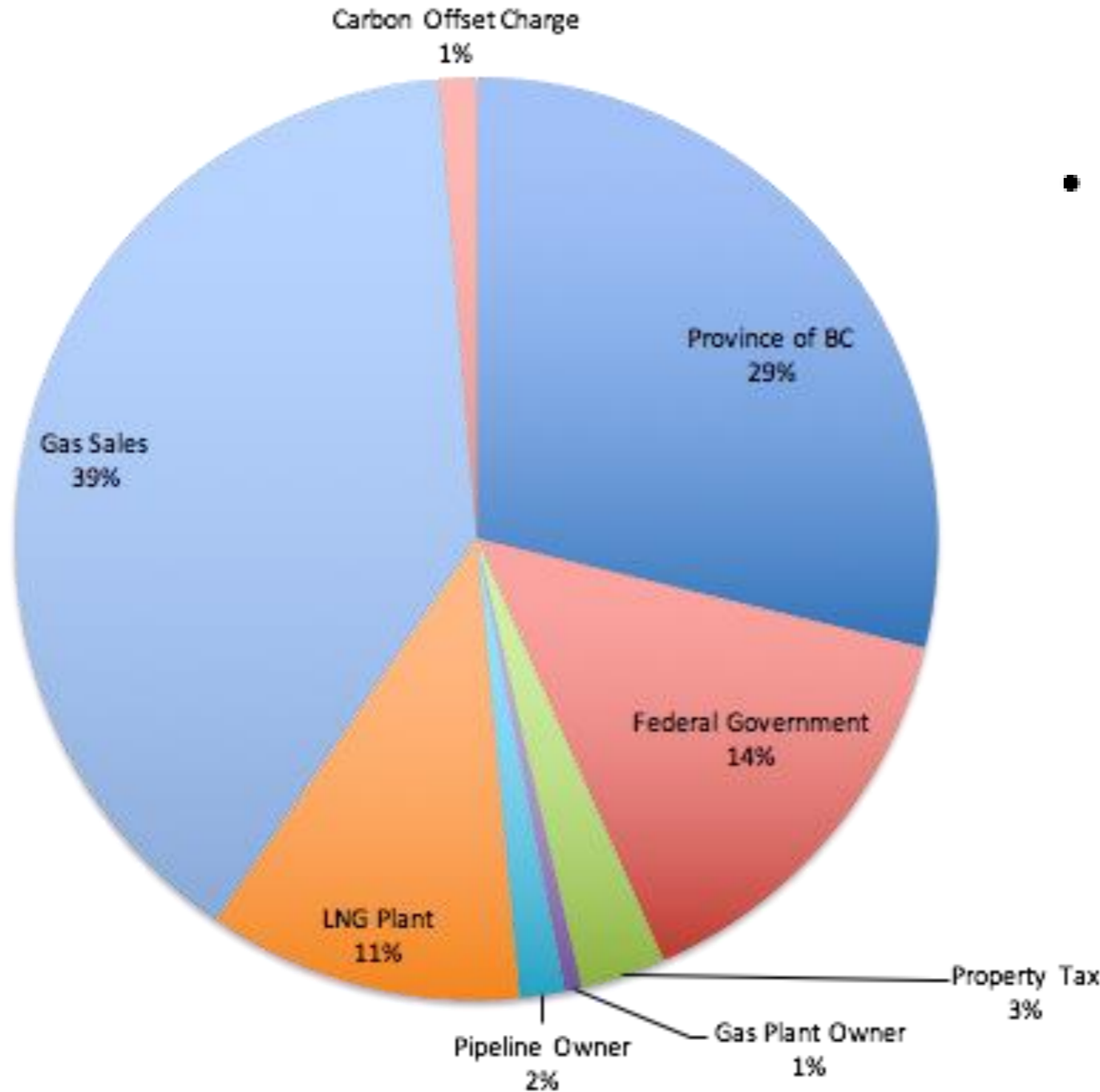
- Energy Company drills & produces gas and sends it to Gas Plant
- Gas Plant removes unwanted things from the gas.
- Pipeline company transports clean gas to LNG Terminal.
- LNG terminal chills gas and turns into a liquid at -160 degrees.
- LNG sold to Asian marketing company at outlet of LNG plant.
- LNG shipped and sold to Asian utility companies.

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Value Chain Example: Natural Gas



Measuring Some Economic Impacts



- Although infrastructure accounts for a relatively small proportion, it unlocks over \$200 billion in key participant benefits

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Value Chain Example: Natural Gas



What if First Nations owned 30% of the equity in a pipeline?

Exploration & Production	Gas Plant	Pipeline	LNG Terminal	Shipping	Regasification
Capital Cost		\$5,000			
FN Equity		\$750 to \$1,000			
Profit		\$750 to \$1,000			

(\$ millions)

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Value Chain Example: Natural Gas



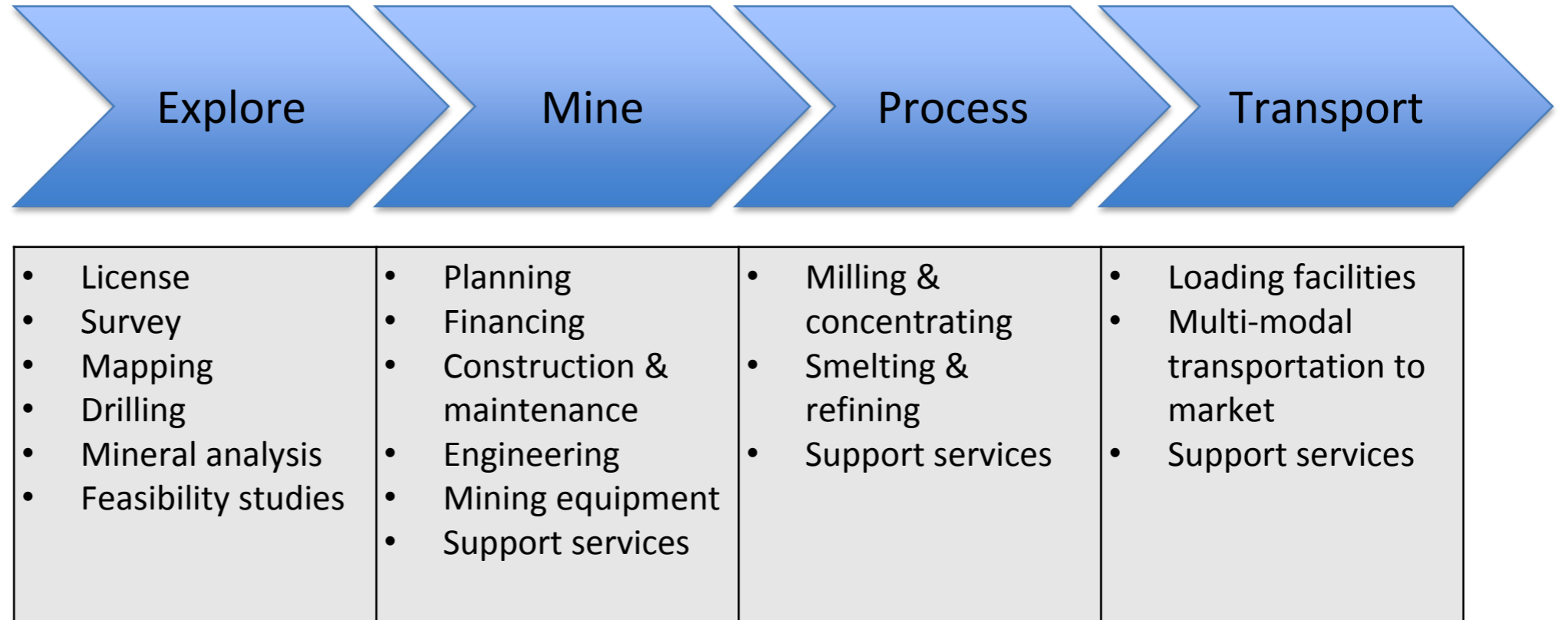
What if First Nations owned 30% of the equity in a gas plant, pipeline and LNG terminal?

	Exploration & Production	Gas Plant	Pipeline	LNG Terminal	Shipping	Regasification
Capital Cost		\$3,000	\$5,000	\$15,000		
FN Equity		\$410	Up to \$600	\$1840		
Profit		\$400	Up to \$600	\$2,000		

(\$ millions)

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Activities in the Mining Value Chain



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Where are the opportunities for equity/ownership?



Environmental stewardship	X	X	X	X
Jobs	X	X	X	X
Business opportunities	X	X	X	
Revenue sharing		X	X	
Equity / ownership		X	X	

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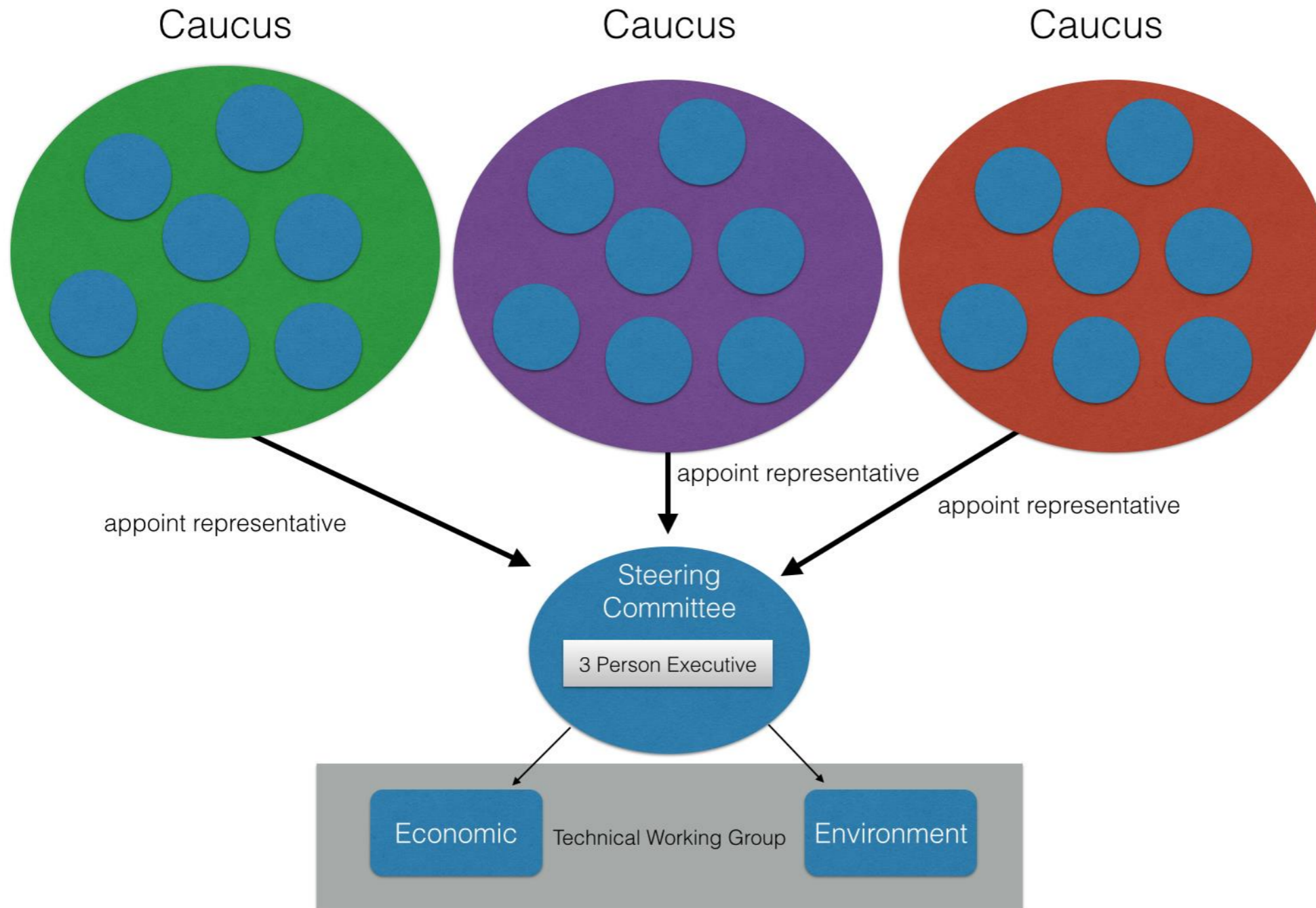
Working Together



- Proposed projects are large and cross territories of multiple First Nations
- Why should communities work together?
- How will communities work together?
- How will communities make decisions together?
- How will communities share benefits together?
- Memorandum of Understanding and Terms of Reference developed by First Nation leaders

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Technical Support for Business Model Analysis



Caucus

- Appoint members to steering committee
- Review strategic issues
- Provide input to steering committee members on strategic common issues

Steering Committee

- Identify and discuss strategic common issues
- Provide guidance to technical work
- Develop 'term sheet to acquire equity'

Executive

- Discussions with Government
 - ➔ Cumulative environmental impacts;
 - ➔ Loan guarantee to acquire equity

Technical

- Conduct technical work as instructed by steering committee
 - ➔ Environmental study
 - ➔ Financial modelling

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What do we work on together? What do we work on individually?



Strategic Common Issues	Business Partnership Issues	Individual Community Issues
<ul style="list-style-type: none"> Equity Loan Guarantee Taxation Sharing Royalty / revenue sharing Prime contractor status Cumulative environmental issues Energy corridor 	<ul style="list-style-type: none"> Contracting and procurement Capacity and training Community investment Employment Environmental stewardship 	<ul style="list-style-type: none"> Environmental stewardship Impact benefit agreement: <ul style="list-style-type: none"> - Capacity and training - Employment - Community investment - Contracting and procurement

First Nations Financial Management Board

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