

**ASSEMBLY OF FIRST NATIONS
FIRST NATIONS LABOUR MARKET STRATEGY
DRAFT FOR DISCUSSION – NOT FOR DISTRIBUTION
ISSUE PAPER 10 – Terms and Conditions, Flexible and Adaptable**

DESCRIPTION: To present an approach for achieving the objectives of strong, stable First Nation institutions that is effective in labour market program and service delivery under the Treasury Board Secretariat (TBS) Policy on Transfer Payments (PTP). Given the diversity of FNLMA's the approach should be flexible and adaptable to match First Nation management and delivery capacity with an appropriate funding regime and accountability

OPTIONS:

1. Based on the policy objective of FNLMS, select a funding regime (agreement type) from the PTP that matches independent, First Nations institutions working with a long term mandate and needing to develop institutional capacity, - i.e. flexible agreements
2. Develop a flexible approach based on an assessment of capacity (risk) with lower capacity FNLMA's living under a more constricted regime and higher capacity organizations benefiting from greater flexibility and lower burden of accountability

Transfer payments are one of the government's key instruments in furthering its broad policy objectives and priorities. They enable and engage a wide diversity of skills and resources outside the federal government that are well-placed to further Canadian aims, contribute to building a strong society and a competitive nation that is inclusive and respectful of Canadian values and Canada's linguistic duality. TBS PTP

RATIONALE:

Even though the "new" PTP dates from 2008, little has changed in the administration of Gs&Cs. Administrative and reporting burdens are still complex and arbitrary; the regime is characterized by a check list mentality undermining a results-based accountability regime and risk-based instruments.

First Nations are the first to be interested in probity in the use of public funds and accountability based on results since it is their employment and the health of their communities that is at stake. Control is an administrative burden and therefore an expense but it is also a limiting factor to innovation and effective programming that breaks down silos and supports clients along a road to employment and earnings

CONSIDERATIONS:

Full implementation of the features on the PTP will introduce policy changes relative to budget flexibility and retention of funds. Softer issues that are even more important in getting the balance between control and flexibility right will require clear direction and follow up from the most senior leadership to ensure that efforts are not derailed.

5.1 Objective

The objective of this policy is to ensure that transfer payment programs are managed with integrity, transparency and accountability in a manner that is sensitive to risks; are citizen-and recipient-focused; and are designed and delivered to address government priorities in achieving results for Canadians.

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High level policy must set the table for a change in the management culture and style and follow through at the operational level will be critical to success seeking a change in culture among Service Canada management and staff.

For example, the requirement to produce Operating Plans under ASETS appears reasonable and a good management practice. In practice it is restrictive. The layering of policies to satisfy Ministerial preferences creates a more and more complex regime that frustrates the original policy and intent of transfer payments, to put the skills and talents of those outside of Government to use in resolving complex issues.

Raising the level of skills and the professionalism of staff on both sides of the agreement will be addressed in IP 19, ESDC/SC Delivery and 20, FNLMA Capacity.

**RECOMMENDED
OPTION:**

Adopt the TBS's Flexible Agreements providing for retention of funds and budget flexibility and develop an approach with ESDC for control, monitoring and reporting.

DECISION:

DATE AND VERSION:

Draft 2, November 23,
2016

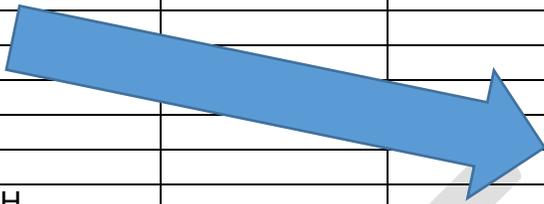
3.6 The government is committed to ensuring that transfer payments are managed in a manner that respects sound stewardship and the highest level of integrity, transparency, and accountability. Moreover, the government is resolved to ensuring that transfer payment programs are designed, delivered and managed in a manner that is fair, accessible and effective for all involved – departments, applicants and recipients – all of whom have important contributions to make in achieving the objectives of the government and in furthering Canadian aims.

3.7 Supporting strengthened accountability for public monies and better results for Canadians, this policy requires that transfer payments be managed in a manner that is sensitive to risks, that strikes an appropriate balance between control and flexibility, and that establishes the right combination of good management practices, streamlined administration and clear requirements for performance. TBS PTP

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Annex: Flexible and Adaptable Regime

	CHALLENGED	EVOLVING	HIGH PERFORMING	SELF-GOVERNING
SET				
FLEXIBLE				
BLOCK				
GRANT				
CONTROL	HIGH			LOW



Based on an assessment of capacity, the level of control is adapted from high to low.

The policy instruments target particular situations but also reflect capacity

- SET funding suits projects that have a finite duration, and clearly identifiable costs and activities
- FLEXIBLE funding suits situations that are ongoing, providing services and programs, and the issues addressed are long term. Renewal does not mean that the issue is gone but sets a limit to support and provides an opportunity for review and correction. Funds can be rolled forward and line budget flexibility is allowed
- BLOCK funding suits situations that are long term and inter-connected. Renewal does not mean that the issue is gone but sets a limit to support and provides an opportunity for review and correction. Funds may be moved between programs to provide incentives to innovate (eg, housing, social assistance, youth-at-risk: different communities could select different program mixes and linkages, funding could be on a per capita formula and not on a line-budget for activities basis). Funding can be rolled forward on a yearly basis and retained at the agreement end.
- GRANTS suit situations where eligibility of the sponsor and the project provide enough assurance and funds are disbursed without further controls, eg research projects. At the same time, track record and experience are important considerations.

FLEXIBLE agreements may be best suited to FNLMA's

- First Nation Governments choose to put a fence around budgets for labour market and agreements are with FNLMA's, not with Band Councils or regional entities
- FNLMA's require stability, predictability and long term funding to build effective institutional capacity
- Example: a High Performing organization could have its core organization, programs and services funded through a FLEXIBLE agreement and also seek

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- out GRANTS and SET funding for projects, pilot projects or partnerships and work with local government to provide a continuum of service to youth-at-risk
- Based on recent ESDC pilot projects, all funding could be “bundled” under one agreement. Reporting would be against results, not tracing the funds which can be bundled.
 - Financial accountability to funders should not be different (or more onerous) than to First Nations (Board, Government, First Nations members)

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