

FIRST NATION PARTICIPATION IN THE ECONOMY

Summary: To have the Federal Government develop legislation to improve land tenure certainty for First Nations people.

Status: adopted by Canadian Chamber board 09.06

Currently there are more than 4 million seniors in Canada. In twenty years, there will be more than 7 million seniors – an increase of 75%. This will mean much higher costs for health care, social services and pensions.

Approximately 21.7 million Canadians between the ages of 15 and 64 are considered possible workers. In 20 years there will 23.2 million – an increase of 6.7%. Future workers will have to be much more productive to meet the needs of future seniors.

The number of First Nation workers between the ages of 15 and 64 will increase by 35% in the next 20 years. One in ten new workers will be First Nation workers. Canada's seniors will become increasingly dependent upon the productivity of First Nation workers. Canada and First Nations both have an urgent need to develop a joint strategy to increase First Nation productivity.

One area of great potential is to improve the productivity of First Nation lands. Where markets are not working, the value of First Nation lands is less than 10% of the value of similar non-First Nation lands. It is encouraging, therefore, that a number of First Nations would like to facilitate more private investment on their lands. Unfortunately, they are constrained from doing this because the transaction costs from proposal to construction on First Nation lands are four to six times higher than on non-First Nation lands.

These high transaction costs arise because the legal and administrative framework to facilitate investment on First Nation land is largely missing. Its absence is a result of the Indian Act. Whereas the rest of Canada developed modern legislative and administrative frameworks during the last 140 years, First Nations did not.

During the last 20 years, First Nations have begun to legislate their way back into the Canadian economy. It started in 1988 with the first change to the Indian Act ever led by a First Nation – the Kamloops amendment. This allowed First Nations to collect property tax on their lands. Once First Nation governments derived revenues from economic activity, they began to pursue more economic activity on their lands. This meant pursuing other legislation to fill the legal and administrative gaps created by the Indian Act which include:

- The First Nation Land Management Act
- The First Nation Goods and Services Tax Act
- The First Nation Fiscal and Statistical Management Act
- The First Nation Oil and Gas Management Act and

- The First Nation Commercial and Industrial Development Act

Although this is a good start, more is needed. Two initiatives that would improve the First Nation business climate are improved economic grade infrastructure and improved land tenure certainty.

With respect to infrastructure, even the most well situated First Nations have been slow to develop their economic potential because they cannot finance infrastructure at the level required by business. First Nations have difficulty developing infrastructure because they have a small independent revenue base for financing infrastructure and they cannot access the same capital that other local governments can. These two factors leave many First Nations in a Catch-22 situation. They have economic potential but need to finance the infrastructure necessary to realize this potential. However, this infrastructure cannot be financed because they have realized too little economic potential to access financing.

With respect to land tenure, the current methods for securing title on First Nation lands and the Indian Lands Registry are inadequate. They do not provide sufficient title certainty. This is true regardless of who invests (First Nation and non-First Nation) and regardless of the type of investment (commercial or residential). The consequences of poor land title have been profound. Land certainty is the bedrock of the investment and financial markets. Its absence has deterred investment and greatly lowered land values on First Nation lands. It has resulted in valuable lands being put to very low value uses.

Recommendations:

That the Chamber of Commerce encourages the federal government to:

1. Develop systems and legislation to improve land tenure certainty on First Nation lands
2. Develop programs and mechanisms to ensure that First Nation governments have the same access to business grade infrastructure financing options as other local governments in Canada

Submitted By:

The Kamloops Chamber Policy Task Force