

Support for Proposed First Nation Property Ownership Act

Background and Problem

The First Nation Tax Commission (FNTC) is leading an initiative with interested First Nations to create more secure property rights on First Nations lands. The existing First Nation land tenure and registry system is a significant source of socio-economic disadvantage because it contributes to high transaction costs related to investment, limits the potential property market, and in many cases prevents the securitization of land as a source of credit. Property rights are the bedrock of the market economy. Property rights are absent or poor on many First Nation lands. The results are lower property values, less commercial development and higher incidences of poverty. Poor property rights contribute to high costs of doing business. One study recently quoted by the Auditor General of Canada suggests that it costs four to six times more to complete an investment project on First Nation lands than off. The principle reason for these higher costs is that investors have to establish secure tradable property rights on First Nation lands which they don't have to do off First Nation lands.

Proposed Solution

The FNTC is proposing to resolve this problem by working with interested First Nations on First Nation Property Ownership legislation (FNPOL). This legislation would create a similar property rights structure to the rest of Canada. Land registration under the FNPOL would use a modified Torrens land title system.

FNPOL will be optional for First Nations. The legislation will ensure that the underlying title or reversionary right remains with the First Nation, just like it does throughout the rest of Canada. Saskatchewan does not stop being Saskatchewan because someone from BC buys property there. Similarly, the First Nation land would retain land management and property tax jurisdiction regardless of who resides there. This will allow participating First Nations to issue, should they choose, fee simple title and provide guaranteed title through the Torrens system. First Nations should they choose could utilize FNPOL to convert existing individual property rights on First Nation lands to fee simple property rights. The Nisga'a Nation has recently done this. In this way, with a stroke of a pen, wealth is created for First Nation individuals because property rights can be exchanged on First Nation lands as easily as the rest of Canada. The economic benefits from FNPOL would be large. The FNTC estimates that if 68 First Nations (mostly rural) in BC converted their lands using this legislation, the benefits from increased property values, employment opportunities and increased revenue potential would be over \$4 billion.

THE CHAMBER RECOMMENDS

That the federal and provincial governments work with the First Nations Tax Commission and interested First Nations to develop and enact the proposed First Nation Property Ownership legislation.