



Fiscal Realities
Economists

Reducing barriers to First Nation economic growth through property tax

Presented to
Northern Policy Institute
State of the North Annual Conference
North Bay, ON
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Overview

- Barriers to investment and economic growth on First Nation lands
- Video – Delyla Daniels talks about the impact of property tax for her community, Tk'emlúps te Secwépemc
- Implementing property tax with the Chippewas of Georgina Island First Nation in Ontario



Common Barriers to First Nation Economic Growth

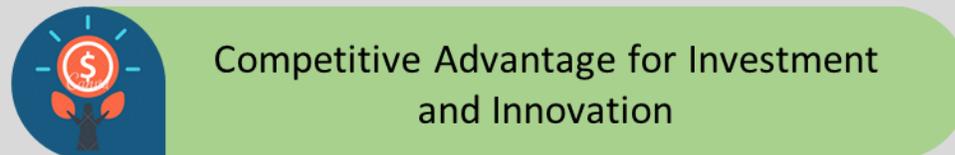
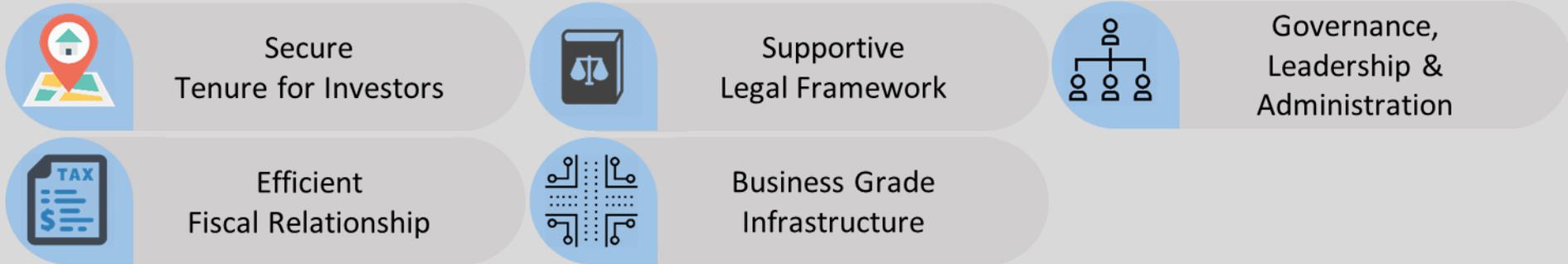
- Economic development depends upon turning a comparative advantage into a competitive one and attracting investment
- Most places have comparative advantages (resources, labor, technology, location)
- Well designed public institutions convert comparative advantages to competitive ones
- The Indian Act destroyed First Nation public institutions and they need to be renewed through innovation to develop First Nation economies



Comparative Advantages



Public Institutions



Common Barriers to First Nation Economic Growth

- In 1999, Fiscal Realities analyzed 3 large investment projects on some of the best situated reserves in Canada and compared them to projects off-reserve.
- We found that it can cost four to six times as much to put together a major investment project on reserve and it takes much longer to take a project from proposal to operating stages.
- As a result, even favorably located reserves have low business presence and see potential investment diverted to adjacent jurisdictions.



Case Studies



Seymour Creek I.R. No. 2

- Real Canadian Superstore



Kamloops I.R. No. 1

- Sun Rivers

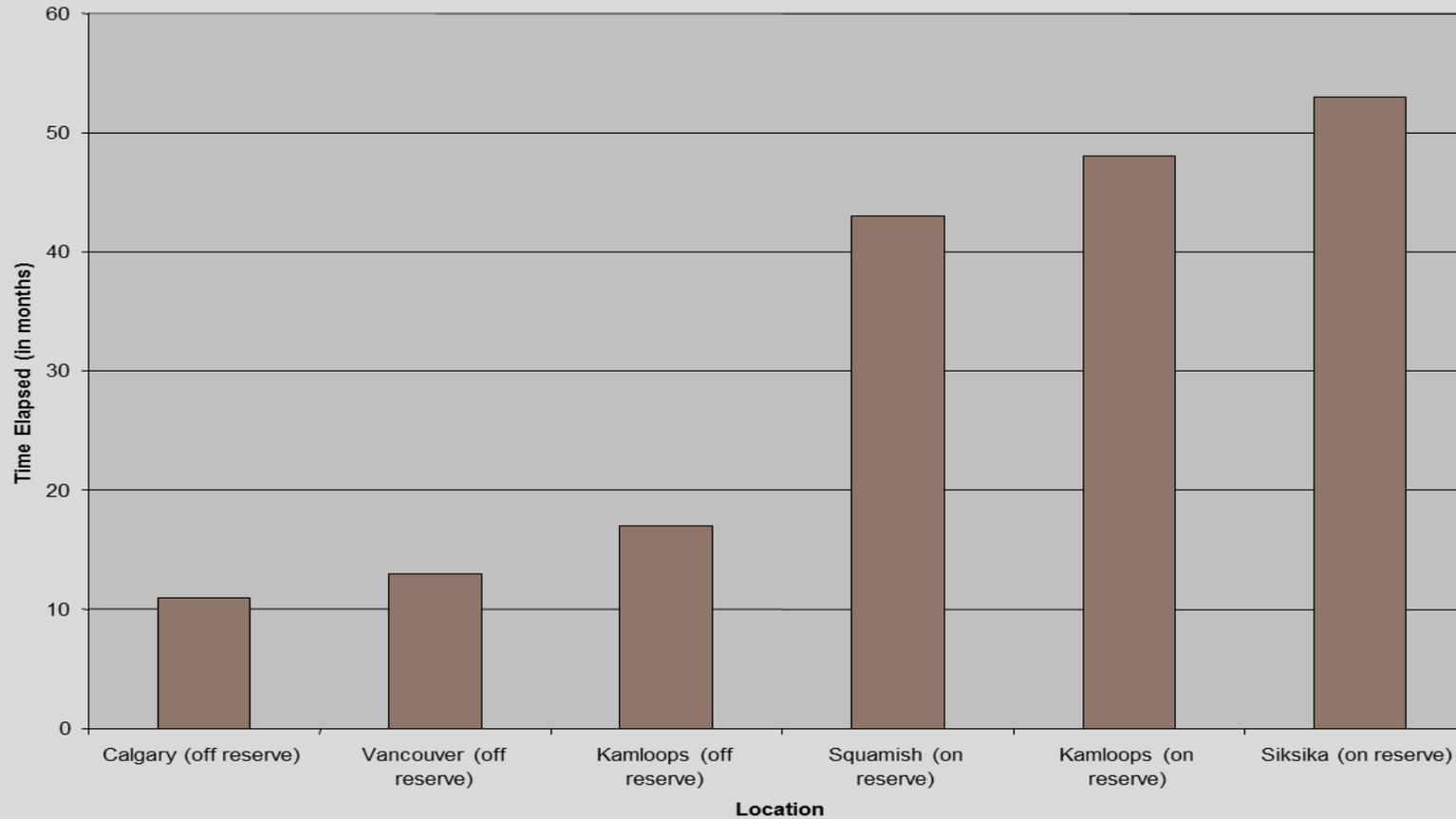


Siksika I.R. No. 146

- Commercial Development



Comparison of Development Timeframes



Common Barriers to First Nation Economic Growth

- Incomplete separation of leadership, governance and administration
- Lack of information for investors
- Difficulties establishing property right certainty
- Absence of an appropriate legal framework
- Non-competitive infrastructure and local services



Barriers to Northern Ontario Economic Growth

- Substantial infrastructure requirements to ensure access to resources and markets
- Insufficient fiscal benefits from resource development to First Nation and local governments to finance infrastructure and other investment climate improvements
- Uncertainty for potential investors about treaty rights, consultation requirements and costs
- Northern development often lower priority for federal and provincial governments



Developing First Nations Institutions

- First Nation Lands Management Act (1999) - 125 Signatory First Nations
- First Nations Fiscal Management Act (2005)
 - First Nations Tax Commission (FNTC)
 - First Nations Financial Management Board (FMB)
 - First Nations Finance Authority (FNFA)
- 229 First Nations on the Schedule to the FMA as of March 2018 including 148 First Nations who have enacted property tax laws
- FNTC has helped First Nations raise \$600 million in local revenues to deliver better services and provide new infrastructure to their communities and taxpayers. These improvements meant over \$2 billion in investment in these communities
- FMB has certified over 100 First Nations in financial management and performance, and helped them to enact Financial Administration Laws
- FNFA has helped raise about \$400 million in debentures to finance First Nation infrastructure.



Video – Benefits of First Nation Property Tax



Chippewas of Georgina Island First Nation - Introduction

- Anishinaabe Nation, signatory to Williams Treaty and Coldwater Treaty
- Located in Lake Simcoe, 1 hour north of Toronto
- Three main islands: Georgina Island, Snake Island, Fox Island + small reserves on the mainland at Virginia Beach and Island Grove.
- Traditional name: Waasyaagmook - Place of the shining waters
- Membership of approximately 890 band members, of which approximately 200 live on-reserve.

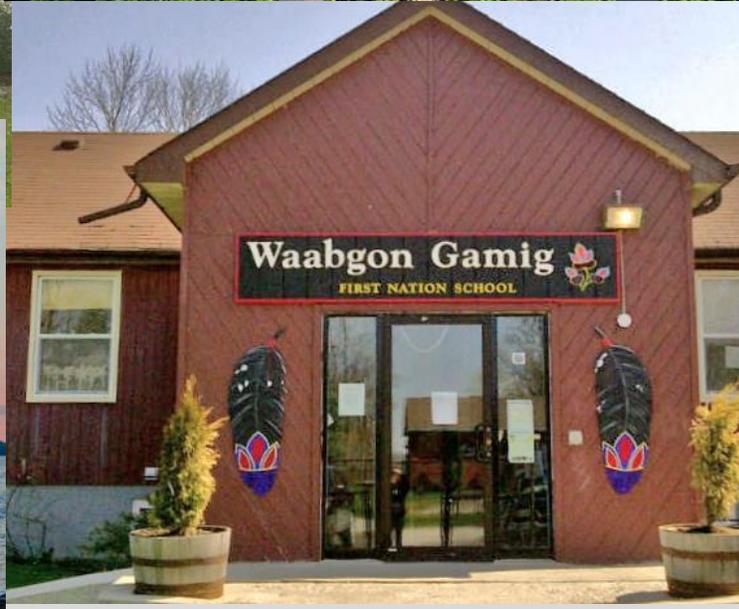


Georgina Island

- Approx. 100 member households
- 188 cottage leases
- Access via ferry boat, ice roads and airboats
- police department, community centre, radio station, fire service, church, childcare centre, government offices, health centre, store, campground, hockey rink
- Waabgon Gamig First Nation school (grades K-5)
- Boil water advisory since 2016



- Net importer of workers from off reserve
- Main employment industries are public administration, construction and tourism services (summer and winter).



Snake and Fox Islands

- Snake Island: 222 cottage leases
- Fox Island: 48 cottage leases
- Access by water taxi only
- Few Services



Island View Business Centre and Marina

- marina with approx. 75 slips
- Gas Shack
- Business Centre built 2016



History & Challenges

- Tax jurisdiction was an issue for Ontario FNs in 1960s – municipalities collecting taxes on reserve
- Assessment act changed in 1971 so no taxes or assessment for cottage leases since 1972 – 46 year tax holiday
- On Georgina Island, the leases are held by individual members rather than the First Nation government
- Service fees started in 1980s - currently \$750 per year per lease
- Telephone Taxation Bylaw 1996



Rationale for Property Tax

GIFN is implementing property tax jurisdiction

- To increase the proportion of the cost that leaseholders pay for the government services that they receive – services to leaseholders have been subsidized by the First Nation, as leaseholders only pay a \$750 annual service fee;
- To fund local services and infrastructure;
- Because property tax is a major revenue source for local governments across Canada and 174 First Nations across Canada already collect property tax or are developing property tax systems; and
- GIFN is currently paying property tax to the Town of Georgina on fee simple properties it purchased as part of its Treaty settlement and property tax jurisdiction will facilitate the ATR process.



Progress to Date

- GIFN Property Tax Law and Assessment Law enacted by Council and approved by the FNTC after a 45 day notice and representation period
- Contracted Municipal Property Assessment Corporation of Ontario (MPAC) to conduct assessment inspections and produce assessments
- Hired GIFN Tax Administrator Stephanie BigCanoe;
- Steph and Jan (GIFN Band Manager) have completed all 8 courses in the Tulo Certificate in First Nation Tax Administration at Thompson Rivers University;
- Working with cottagers associations to develop communications policy and work plan for annual rates and expenditure laws.



Expected Benefits

- 4 year transition plan to allow cottagers time to plan and adjust
- Budget based tax rates
 - Expect to collect \$500,000 in Year 1 and \$1 million in Year 4
- Increased certainty for lease holders, and opportunities for leaseholder input into the annual local services budget
- Improved local services such as fire protection, road maintenance, recycling and waste management, and environmental protection services.
- Easier local service agreement negotiations with the neighboring municipality as part of the ATR process





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Thank You

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