



Improving the Economic Success of Urban Additions to Reserves

Stage 1: Identifying Success Factors in Urban First Nations

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Executive Summary

Additions to Reserve (ATR) offer an important means by which First Nations can expand their reserve land base and foster economic development in their communities. However, the successful designation of lands through the Additions to Reserve policy and the subsequent ability of First Nations to achieve economic development on those lands is impacted by the active support and collaboration of non-Aboriginal communities located adjacent to the land proposed for reserve status.

This study will examine the economic and fiscal benefits that result from investment on reserve, the factors that influence these benefits, and how these factors might be applied to Additions to Reserve to maximize the economic and fiscal benefits they generate. The study is being completed in two stages. Stage 1 will quantify the economic impacts of investment on urban reserves for both First Nations and neighbouring municipalities and determine what factors led to their success in achieving economic development. Stage 2 will apply this evidence to a study of Additions to Reserve lands with a view to increasing economic and fiscal benefits that are achieved through the Additions to Reserve process.

This report is the summary of Stage 1. It examines the cases of six First Nations with reserves adjacent to urban centres and estimates the substantial fiscal and economic benefits they have achieved for both themselves and the neighbouring municipalities.

Stage 1 included the following six First Nations (one or more of their urban reserves) and neighbouring municipalities:

- 1) The Shuswap Band and the District of Invermere, British Columbia.
 - The Shuswap Band's main reserve, Shuswap Indian Reserve #0, is located adjacent to the District of Invermere.
- 2) Westbank First Nation and the District of West Kelowna, British Columbia.
 - Two of the Westbank First Nation's reserves, Tsinstikeptum Indian Reserve #9 and #10 are located within the District of West Kelowna, BC.
- 3) Whitecap Dakota First Nation and the City of Saskatoon, Saskatchewan.
 - The Whitecap Dakota First Nation's main reserve, Whitecap Indian Reserve #94 is located near the City of Saskatoon.
- 4) Opaskwayak Cree Nation and the Town of The Pas, Manitoba.
 - Numerous Opaskwayak Cree Nation reserves, including Opaskwayak Cree Nation #21A, 21B, 21C, 21D, 21E, 21F, 21I, and 21J are located adjacent to the Town of The Pas.

- 5) Innu Takuaikan Uashat Mak Mani-Utenam and the City of Sept-Îles, Quebec.
- Two of the Innu Takuaikan Uashat Mak Mani-Utenam’s reserves, Uashat Indian Reserve #27 and Maliotenam Indian Reserve #27A are located within the City of Sept-Îles, QC; and
- 6) Madawaska Maliseet First Nation and the City of Edmundston, New Brunswick.
- The Madawaska Maliseet First Nation’s main reserve, St. Basile Indian Reserve #10 is located within the City of Edmundston, NB.

Stage 1 of the study found that significant economic and fiscal benefits are being generated from investments made on the reserves – specifically, that a) economic benefits flow to reserve residents as well as residents of the adjacent municipality and that b) fiscal benefits flow not just to the First Nation governments, but also to the nearby municipal governments. The table below summarizes the estimated economic and fiscal benefits generated from investment on the urban reserves examined in this report.

Economic and fiscal benefits from investment on urban reserves		
Case	Estimated Economic Benefits	Estimated Fiscal Benefits
Shuswap Band	<ul style="list-style-type: none"> • About 280 jobs currently. • About \$1.7 million in off reserve spending by current reserve residents annually. • About 4,200 direct and 3,500 indirect potential future PYE related to residential construction, supported by potential Corix / Kinbasket Water and Sewer Company (KWSC) system expansion. • About \$1 billion in potential future residential investment off reserve supported by potential Corix / KWSC system expansion. 	<ul style="list-style-type: none"> • Currently, about \$400,000 per year to Shuswap and about \$55,000 per year to Regional District of East Kootenay (RDEK) for servicing. • Currently, about \$709,000 in annual property tax revenue for Shuswap; and about \$256,000 in annual property tax revenue for other governments. • About \$450,000 in FNGST per year to Shuswap. • Shuswap also collects pre-paid land lease revenue, and is looking into hotel tax. • Potentially, about \$1 million annually to Shuswap from the Corix / KWSC provision of service to RDEK lands. • Potentially, an additional 4,000 residential units in the RDEK could represent about \$6,000,000 in annual property taxes supported by the Corix / KWSC system expansion.

Economic and fiscal benefits from investment on urban reserves

Case	Estimated Economic Benefits	Estimated Fiscal Benefits
Westbank First Nation	<ul style="list-style-type: none"> • About 3,400 jobs. • About \$36.3 million in off reserve spending by reserve residents annually. 	<ul style="list-style-type: none"> • About \$1.3 million in Water, Sewer, Development Charges and Permits to Westbank; and about \$1.6 million for servicing agreements with West Kelowna and the RDCO. • Over \$10 million in annual property tax revenue, net of home owner grants, to Westbank; and about \$2.5 million in annual property tax revenue to other governments. • About \$1.3 million in annual First Nations Sales Tax (FNST) revenue to Westbank. • Pre-paid residential land lease revenue to Westbank.
Whitecap Dakota First Nation	<ul style="list-style-type: none"> • About 800 jobs. • About \$6.7 million in off reserve spending by current reserve residents annually. • Future Hotel & Spa construction jobs. 	<ul style="list-style-type: none"> • About \$1.25 million in property tax and grants-in-lieu revenue to Whitecap; and about \$675,000 in property taxes to other governments. • Whitecap also collects Whitecap Community Improvement Fee (FNGST) and Liquor Consumption Tax revenue. • Casino revenue, set by formula, for Whitecap. • Saskatoon receives a fee under a service agreement for fire and protective services.
Opaskwayak Cree Nation	<ul style="list-style-type: none"> • About 530 jobs held by reserve residents. • About \$10.4 million in off reserve spending by reserve residents. 	<ul style="list-style-type: none"> • Annual property tax revenue to Opaskwayak; and about \$162,000 in property taxes to other governments. • Casino revenue to Opaskwayak, shared among six First Nations. • The Pas collects a fee for the provision of water, sewer, garbage collection and snow removal on reserve.
Innu Takuaihan Uashat Mak Mani-Utenam (ITUM)	<ul style="list-style-type: none"> • About 680 jobs associated with the shopping centre; and about 350 full time and about 600 seasonal jobs associated with Band owned or Member owned businesses. • About \$19.6 million in off reserve spending by reserve residents annually. 	<ul style="list-style-type: none"> • Annual property tax revenues of about \$1 million to ITUM; and about \$1 million to other governments. • ITUM also collects user fees for water, sewer and garbage, and two types of lease revenue. • ITUM subsidiaries earn annual revenues of about \$10 to \$15 million. • ITUM receives a fee for the provision of off reserve garbage collection service.

Economic and fiscal benefits from investment on urban reserves

Case	Estimated Economic Benefits	Estimated Fiscal Benefits
Madawaska Maliseet First Nation	<ul style="list-style-type: none"> • About 350 potential jobs once project is complete. • About \$1.4 million in off reserve spending by reserve residents annually, once project is complete. 	<ul style="list-style-type: none"> • Currently, about \$2 million in sales tax revenue to Madawaska; with the potential for about \$4 million in sales tax revenue once project is complete. • Currently, 95% of tobacco tax and motive fuel tax collected on reserve to Madawaska. • Land lease revenue to the MMEDC. • City collects fees directly from the on reserve tenants for water and sewer service. • About \$335,000 annually in property taxes to the City.

Stage 1 also identifies the five most significant factors that have contributed to the economic and fiscal benefits generated due to investment on reserve. These factors are: infrastructure and services, governance, land management, own source revenues, and community support.

The economic and fiscal benefits generated from investment on urban reserves (described above) should be representative of the potential benefits available from investment on land converted to reserve under generally similar circumstances.

Introduction

Additions to Reserve offer First Nations a mechanism by which to grow their land base in order to support growing populations and to pursue economic development by increasing the connectivity of their lands or acquiring lands to pursue a specific economic opportunity. The successful development of lands designated through the Additions to Reserve mechanism is impacted by the active support and collaboration of non-Aboriginal communities located adjacent to the proposed land. Agreements such as servicing agreements for water provision or waste water treatment, the delivery of fire protection or police services offer potential for efficiencies with other local jurisdictions.

This study was undertaken to assess and quantify the extent of the benefits that might accrue to municipal and/ or regional governments as a result of investment on reserve. In other words, when investment on reserve results in economic development, it is understood that this is of benefit to the First Nation but what is less well understood is to what extent investment on reserve is a benefit to nearby municipal and regional governments. The goal of this study therefore is to examine the economic and fiscal benefits that result from investment on reserve, the factors that influence these benefits, and to examine how these might be considered in the Additions to Reserve process in order to maximize potential benefits. Economic benefits are those that accrue broadly to individuals or businesses (such as: jobs or increased income), fiscal benefits are those that accrue to government accounts (such as tax or revenue from servicing agreements).

A Two-Stage Approach

This study is being completed in two stages. Stage 1 quantifies the economic impacts of investment on urban reserves for both First Nations and non-Aboriginal communities and determines what factors led to their success in achieving economic development. Stage 2 will to apply this evidence to a study of Additions to Reserve lands with a view to increasing economic and fiscal benefits that are achieved through the Additions to Reserve process. This report is the summary of Stage 1 only. The results of the Stage 2 research will be released in a second report.

Hypothesis

This study will test a hypothesis about the best way to realize mutual economic and fiscal benefits from urban ATRs. Stage I examined six First Nation communities near

urban centres¹ that have successfully integrated into their regional economies and achieved economic and fiscal benefits for both themselves and their regions (including the local governments within those regions). We will identify the most important factors that led to these benefits.² Then in Stage II, we will test the hypothesis that these success factors influence the benefits generated in urban ATRs.

Stage 1 study communities

In Stage 1, six First Nations with urban reserves and adjacent municipalities were included in the study. These were:

- 1) The Shuswap Band and the District of Invermere, British Columbia.
 - The Shuswap Band's main reserve, Shuswap Indian Reserve #0, is located adjacent to the District of Invermere.
- 2) Westbank First Nation and the District of West Kelowna, British Columbia.
 - Two of the Westbank First Nation's reserves, Tsinstikeptum Indian Reserve #9 and #10 are located within the District of West Kelowna, BC.
- 3) Whitecap Dakota First Nation and the City of Saskatoon, Saskatchewan.
 - The Whitecap Dakota First Nation's main reserve, Whitecap Indian Reserve #94 is located near the City of Saskatoon.
- 4) Opaskwayak Cree Nation and the Town of The Pas, Manitoba.
 - Numerous Opaskwayak Cree Nation reserves, including Opaskwayak Cree Nation 21A, 21B, 21C, 21D, 21E, 21F, 21I, and 21J are located adjacent to the Town of The Pas.
- 5) Innu TakuaiKAN Uashat Mak Mani-Utenam and the City of Sept-Îles, Quebec.
 - Two of the Innu TakuaiKAN Uashat Mak Mani-Utenam's reserves, Uashat Indian Reserve #27 and Maliotenam Indian Reserve #27A are located within the City of Sept-Îles, QC; and
- 6) Madawaska Maliseet First Nation and the City of Edmundston, New Brunswick.

¹ Terms like "urban reserve" or "reserve near an urban centre" are used throughout this paper. Using Statistics Canada terminology, this refers to reserve lands within, adjacent to, or near Census Metropolitan Areas (like Saskatoon, Sept-Îles, or Edmundston), Census Subdivisions (like West Kelowna, or The Pas), or Population Centres (like Invermere). Distinction among these is not important for the purposes of this paper. When selecting urban reserves for this study, the important characteristic we examined was the level of economic activity occurring on the reserve that is supported by the direct access to markets in the urban centre. To be considered for inclusion in this study, a reserve must contain a reasonable number of businesses that are enjoying a level of ongoing success due to their access to larger off reserve markets. Further, to be considered an urban reserve the economic and fiscal impacts generated on reserve must be, at least in part, attributable to the reserve's proximity to the urban centre.

² Throughout this study, the factors contributing to economic benefits flowing to reserve residents and fiscal benefits accruing to First Nation governments were treated with primary importance.

The Madawaska Maliseet First Nation's main reserve, St. Basile Indian Reserve. #10 is located within the City of Edmundston, NB.

These particular urban reserves were selected for four reasons: (1) each is located near an urban centre; (2) each has been reserve land for a significant length of time; (3) each has a well-known track record of economic success; and (4) collectively these reserves provide representation from across Canada.

This report identifies in the literature factors leading to greater investment; discusses the economic benefits generated for on reserve and off residents; discusses the fiscal benefits generated for each First Nation government and adjacent local government; and identifies the most important success factors contributing to the economic and fiscal benefits generated.

Note on research methods

This study is based on a small sample size of six cases. It is qualitative in nature³ and used criterion-based sampling.⁴ This ensured that cases examined included the characteristics relevant to our research goals. While a larger quantitative study would have allowed an inference to be drawn from the sample to a larger population, the smaller sample size in this study enabled a more in depth analysis and yielded a deeper understanding of the factors contributing to greater economic and fiscal benefits in the cases examined. This deeper understanding will benefit our research in Stage II of the project, and ultimately improve the quality of our recommendations. Appendices A through F contain maps and background information on these urban First Nation communities.

³ As opposed to a quantitative study relying on a much larger sample size using random sampling.

⁴ In addition to the four primary criteria described in the previous paragraph, the availability of data as well as the availability of interviewees greatly influenced our sample selection.

Success Factors

There is a growing consensus in the literature on the factors that contribute to greater investment on First Nation lands. This list includes:

Success Factors Contributing to Greater Investment

- 1) Developable Land,
- 2) Infrastructure and Services,
- 3) Own Source Revenues,
- 4) Community Support,
- 5) Land Management Regime,
- 6) Governance,
- 7) Relationships with Local Governments,
- 8) Financial Management Systems,
- 9) Land Use Planning,
- 10) Partnerships,
- 11) Administrative Capacity, and
- 12) Access to Capital.

These success factors are listed below with a very brief explanation as to the way in which their presence contributes to greater investment.

- 1) Developable Land – a land base that (i) is of an adequate size for development; (ii) is under the control of the First Nation; (iii) has reasonable access to markets; and (iv) includes appropriate amounts of buildable land.
- 2) Infrastructure and Services – infrastructure designed and sized in accordance with current and future development and services of a quality relatively consistent with those offered in neighbouring jurisdictions.
- 3) Own Source Revenues – own source revenue streams (such as property taxation, sales tax, or other taxes; land leasing revenues; revenues from impact benefit agreements; revenue sharing arrangements; and gaming or band-owned business ventures) allow longer term planning and enable First Nations to participate in economic activities with fewer restrictions.
- 4) Community Support – general support by well-informed community members for the leadership's overall economic strategy, built by (i) consistent messaging emphasizing economic development as a priority communicated throughout the community with the focus of conveying the benefits; and (ii) planned community meetings, discussions, and forums in which priorities and benefits are communicated and support is identified and strengthened.

- 5) Land Management Regime – the authority to manage lands (including the making of rules respecting the use and occupation of land and granting individual interests in land); and the ability to offer secure, long-term land tenure in a timely fashion.
- 6) Governance – a mechanism that separates politics from government administration, political stability, and constancy in the leadership of the First Nation’s economic development corporate body.
- 7) Relationship with Local Government – regular meetings, joint planning, and coordinated economic strategies focused on regional growth.
- 8) Financial Management System – a system by which management processes and financial information are open and readily available can (i) increase the First Nation’s credibility as a business partner; (ii) enable the integration of financial planning with economic planning and capital planning; (iii) improve budgeting and planning for capital projects; (iv) improve multi-year financing options; and (v) enable higher levels of re-investment of net revenues.
- 9) Land Use Planning – land use planning coordination with the community vision, community objectives, economic plan, capital plan and land use plans of neighbouring local governments can (i) ensure land is put to its highest and best use; (ii) improve the First Nation’s ability to capitalize on development opportunities; (iii) ensure development meets community objectives; (iv) ensure development proceeds in an efficient manner with respect to infrastructure tie in; (v) improve the protection and preservation of culturally significant sites or areas with species at risk; and (vi) provide the opportunity to coordinate land use with neighbouring jurisdictions.
- 10) Partnerships – relationships with the private sector and other partners, both formal and informal, lower transaction costs, build trust, and improve the ability to resolve future disputes.
- 11) Administrative Capacity – a professional and capable administration efficiently facilitates investment by lowering transaction costs and leads to better decision making through better information and better reporting.
- 12) Access to Capital – access to the same financing tools available to other governments at competitive interests rates.

This list of success factors draws heavily on the following three sources:

- A recent AANDC report, entitled *Creating the conditions for economic success on reserve lands*.⁵ This report summarizes information from accounts from Chiefs, Councils, elders, and other community leaders from 25 economically successful First Nations.
- A recent NAEDB paper, entitled *Addressing the Barriers to Economic Development on Reserve*.⁶ This paper presents information from six projects in three First Nation communities. It is also based on a number of meetings and discussions with First Nations organizations and federal officials.
- Our significant past research on First Nation economic development. This includes numerous papers we've written in support of the 15-year research partnership between AANDC and the First Nations Tax Commission (FNTC).⁷ This also includes our research used to develop curriculum for the Tulo Centre of Indigenous Economics.⁸ Currently, Tulo is developing our research into an open textbook entitled *Building a Competitive First Nation Investment Climate*.⁹

The significance, effectiveness, and potential contribution towards investment attraction and economic success of each factor are well supported in the literature.

⁵ *Creating the conditions for economic success on reserve lands – A report on the experiences of 25 First Nation communities, Aboriginal Affairs and Northern Development Canada, 2013.*

⁶ *Addressing the Barriers to Economic Development on Reserve, The National Aboriginal Economic Development Board, April 2013.*

⁷ *This includes the often cited paper entitled Expanding Commercial Activity on First Nation Lands (http://fntc.ca/index.php?option=com_docman&task=doc_download&gid=4&Itemid=46).*

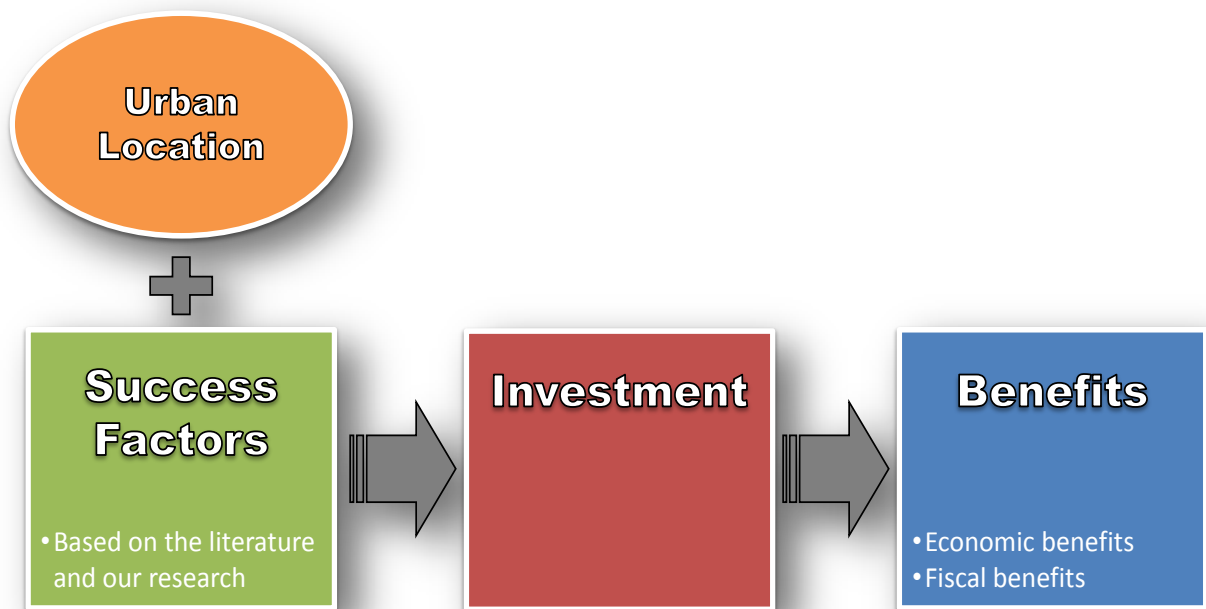
⁸ *Our research material has formed the basis of 12 courses in two accredited certificate programs delivered in partnership with Thompson Rivers University.*

⁹ *The open textbook is being developed in partnership with the Property and Environment Research Center.*

Hypothesis

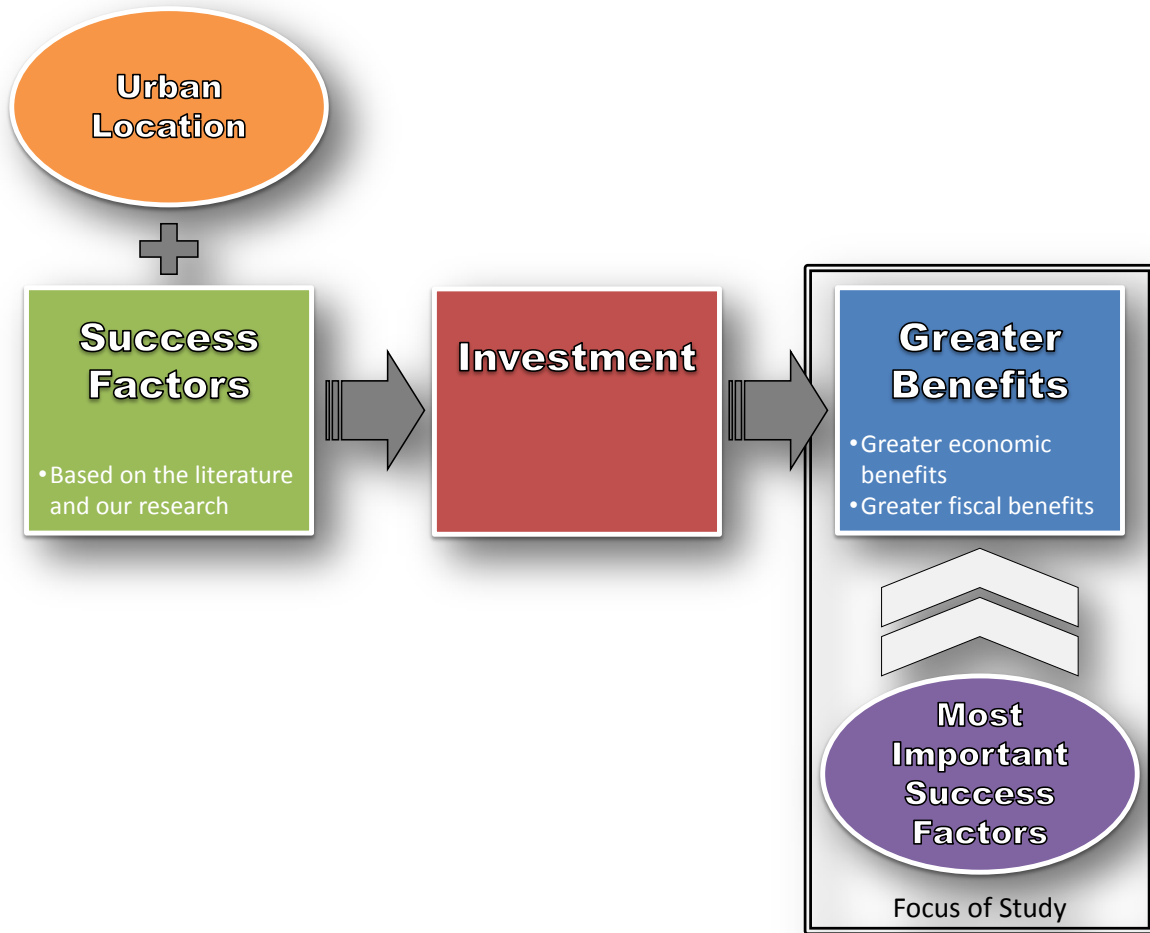
It is generally accepted that urban First Nations that develop, address, or establish a greater number of the 12 success factors listed in the previous section, will have a higher likelihood of attracting greater amounts of investment onto their lands. Economic and fiscal benefits flow from investment on urban reserve land according to a simple relationship. This is depicted in the Figure1 below.

Figure 1: The relationship between success factors, investment on reserve lands, and economic and fiscal benefits



The presence of key success factors will generate even greater economic and fiscal benefits as a result of investment. Our hypothesis is First Nations that develop, address, or establish key success factors will realize (i) greater fiscal benefits; and (ii) greater economic benefits for residents of the reserve. Further, local governments that support neighbouring First Nations in developing, addressing or establishing a greater number of key success factors will have a higher likelihood of realizing: (i) greater fiscal benefits to local governments in the region; and (ii) greater economic benefits for their off reserve citizens. The previous diagram has been adjusted to incorporate our hypothesis. See Figure 2 below.

Figure 2: The relationship between the most important success factors, investment, and economic and fiscal benefits



This project focuses on the identification of the most important success factors for generating greater economic and fiscal benefits.

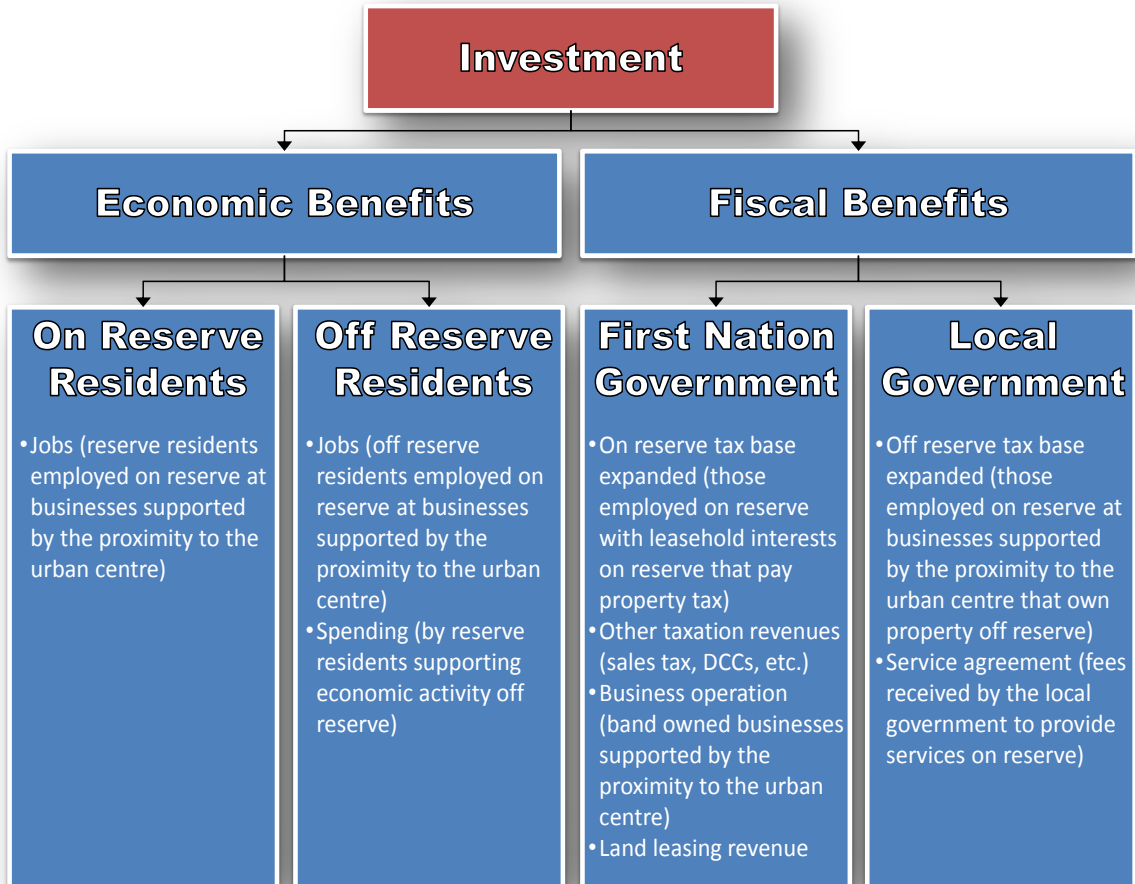
Benefit Assessment

To varying degrees, each of the six urban First Nations in our study has addressed the 12 success factors identified. As a result, each First Nation has attracted a fairly significant level of investment onto their reserve lands. This investment is briefly summarized in the table below.

Summary Table: Attracted Investment	
Urban First Nation	Investment Attracted On Reserve
Shuswap Band	<ul style="list-style-type: none"> • About \$23.9 million in assessed value of business / other property • About \$38.6 million in assessed value of residential property
Westbank First Nation	<ul style="list-style-type: none"> • Almost \$380 million in assessed value of business / other property • Over \$5 million in assessed value of light industrial property • Over \$930 million in assessed value of residential property
Whitecap Dakota First Nation	<ul style="list-style-type: none"> • About \$100 million in existing and planned investment to develop the Dakota Dunes resort (including high end residential, golf course, casino, and hotel and spa)
Opaskwayak Cree Nation	<ul style="list-style-type: none"> • About \$11.8 million in assessed value of commercial property • Almost \$700,000 in assessed value of residential property
Innu Takuaikan Uashat Mak Mani-Utenam	<ul style="list-style-type: none"> • Original investment of about \$9 million in 1976 to develop the 285,000 square foot shopping centre, Les Galeries Montagnaises, plus recent investments of more than \$5 million in upgrades • Investment to establish the 18 ITUM owned corporations, the four ITUM subsidiaries, and the 28 member owned forestry, fishing, trapping, transportation, construction, and outfitting businesses • Investment related to the real estate portfolio, including a supermarket, retail complex, restaurant, education centre and hotel
Madawaska Maliseet First Nation	<ul style="list-style-type: none"> • About \$13 million to establish the Grey Rock Power Centre and its first tenant, the Edmundston Truck Stop (including the gas bar, restaurant, and variety store) • Significant investment in the Grey Rock Entertainment Centre • Future investment in about 25 other retail and hospitality businesses to be developed in the commercial park

The diagram below, Figure 3, illustrates how (i) the economic benefits of this investment flow to on and off reserve residents, and (ii) how the fiscal benefits of this investment flow to First Nation and local governments.

Figure 3: How investment results in fiscal and benefits on- and off-reserve



Benefit assessment framework

The diagram in Figure 3 also provides the framework for our benefit assessment in each of the six cases. These are the economic and fiscal benefits we considered when examining each urban reserve. Each of the First Nation communities we examined in this study has successfully integrated into their regional economy and achieved both fiscal benefits for themselves and economic benefits for their residents.

Note: Investment noted in this study is attributable to each First Nation's efforts to establish an attractive investment climate and address the factors for success, combined with the urban nature of the reserve. We have included only those businesses located on reserve that are supported by the proximity to the urban centre. Other economic activity is occurring on each of these reserves. But, the economic and fiscal benefits we discuss in the next section flow only from the investment we note in this table. Many of these First Nations participate in other economic activity occurring on their reserves and within their traditional territories. In fact, many are involved in resource development projects. These were excluded from this study as they are more related to access to resources, and less related to attracted investment and the urban nature of the reserve. Further, First Nation public sector employment was ignored, as these jobs largely exist to provide services to members and not as a result of attracted investment and the proximity to the urban centre.

Summary Table: Assessment of Benefits

Case	Economic Benefits (to On Reserve Residents)	Economic Benefits (to Off Reserve Residents)	Fiscal Benefits (to First Nation Governments)	Fiscal Benefits (to Local Governments)
Shuswap Band ----- District of Invermere, Regional District of East Kootenay	<ul style="list-style-type: none"> • About 57 jobs held by reserve residents. • Over 840 direct PYE and over 704 indirect PYE related to residential construction, supported by potential Corix / KWSC system expansion. 	<ul style="list-style-type: none"> • About 227 jobs held by off reserve residents. • About \$1.7 million in off reserve spending by reserve residents annually. • About \$1 billion in possible residential investment off reserve supported by potential Corix / KWSC system expansion (Albertan second homes with no drain on provincial services). • Almost 3,400 direct PYE and over 2,800 indirect PYE related to residential construction, supported by potential Corix / KWSC system expansion. 	<ul style="list-style-type: none"> • Current water, sewer, and garbage service about \$400,000 per year. • About \$709,000 in property tax revenue in 2013. • About \$450,000 in FNGST per year currently. • Pre-paid land lease revenue. • Looking into hotel tax. • Potential for about \$1 million annually from the Corix / KWSC provision of service to RDEK lands. • Potential Corix / KWSC expansion could increase property tax revenue by \$22,500 annually. 	<ul style="list-style-type: none"> • About \$160,000 in property taxes for Invermere currently. • About \$96,000 in property taxes for RDEK currently. • About \$55,000 for a servicing agreement with the RDEK in 2013. • Potentially, an additional 4,000 residential units in the RDEK could represent about \$6,000,000 in annual property taxes supported by the Corix / KWSC system expansion.

Summary Table: Assessment of Benefits

Case	Economic Benefits (to On Reserve Residents)	Economic Benefits (to Off Reserve Residents)	Fiscal Benefits (to First Nation Governments)	Fiscal Benefits (to Local Governments)
Westbank First Nation ----- District of West Kelowna, City of Kelowna, Regional District of the Central Okanagan	<ul style="list-style-type: none"> About 1,190 jobs held by reserve residents. 	<ul style="list-style-type: none"> About 2,211 jobs held by off reserve residents. About \$36.3 million in off reserve spending by reserve residents annually. 	<ul style="list-style-type: none"> Over \$10 million in annual property tax revenue, net of home owner grants. Nearly \$1.3 million in FNST revenue in 2013. About \$1.3 million in Water, Sewer, Development Charges and Permits in 2013. Pre-paid residential land lease revenue. 	<ul style="list-style-type: none"> About \$1.6 million for servicing agreements with West Kelowna and the Regional District of Central Okanagan (RDCO) About \$1.1 million in property taxes for West Kelowna. About \$957,000 in property taxes for Kelowna. About \$383,000 in property taxes for the RDCO.
Whitecap Dakota First Nation ----- City of Saskatoon	<ul style="list-style-type: none"> About 200 jobs held by reserve residents. Hotel and spa construction jobs. 	<ul style="list-style-type: none"> About 600 jobs held by off reserve residents. Hotel and spa construction jobs. About \$6.7 million in off reserve spending by reserve residents annually. 	<ul style="list-style-type: none"> About \$1.25 million in property tax and grants-in-lieu revenues in 2013. Whitecap Community Improvement Fee (FNGST). Liquor Consumption Tax. Casino revenue set by formula. 	<ul style="list-style-type: none"> Service agreement with the City of Saskatoon for fire and protective services. About \$675,000 in property taxes to Saskatoon.

Summary Table: Assessment of Benefits

Case	Economic Benefits (to On Reserve Residents)	Economic Benefits (to Off Reserve Residents)	Fiscal Benefits (to First Nation Governments)	Fiscal Benefits (to Local Governments)
Opaskwayak Cree Nation ----- Town of The Pas, Rural Municipality of Kelsey	<ul style="list-style-type: none"> About 349 jobs held by reserve residents. 	<ul style="list-style-type: none"> About 180 jobs held by off reserve residents. About \$10.4 million in off reserve spending by reserve residents. 	<ul style="list-style-type: none"> Property tax revenue. Casino revenue shared among six First Nations. 	<ul style="list-style-type: none"> Servicing agreement with The Pas. About \$130,000 in property taxes to The Pas. About \$32,000 in property taxes to the Rural Municipality of Kelsey.
Innu Takuaikan Uashat Mak Mani- Utenam (ITUM) ----- City of Sept- Îles	<ul style="list-style-type: none"> About 50 jobs associated with the shopping centre held by reserve residents. About 298 full time and 510 seasonal jobs with the 18 band owned corporations, the four ITUM subsidiaries, and the 28 member owned businesses held by reserve residents. About 23 jobs associated with the real estate portfolio held by reserve residents. 	<ul style="list-style-type: none"> About 627 jobs associated with the shopping centre held by residents of Sept-Îles. About 53 full time and 90 seasonal jobs with the 18 band owned corporations, the four ITUM subsidiaries, and the 28 member owned businesses held by residents of Sept-Îles. About 133 jobs associated with the real estate portfolio held by residents of Sept-Îles. About \$20.9 million in off reserve spending by reserve residents annually. 	<ul style="list-style-type: none"> About \$1 million in annual property tax revenue. User fees. Two types of lease revenues. About \$10 to \$15 million annually in revenue from ITUM subsidiaries. Service agreement as the sole source provider of residential, commercial and industrial garbage collection in the City of Sept- Îles. 	<ul style="list-style-type: none"> Service agreement for water, sewer, landfill and fire protection. Service agreement for public security. About \$1 million in annual property taxes to City of Sept-Îles.

Summary Table: Assessment of Benefits

Case	Economic Benefits (to On Reserve Residents)	Economic Benefits (to Off Reserve Residents)	Fiscal Benefits (to First Nation Governments)	Fiscal Benefits (to Local Governments)
Madawaska Maliseet First Nation ----- City of Edmundston	<ul style="list-style-type: none"> About 53 potential jobs held by reserve residents once project is complete. 	<ul style="list-style-type: none"> About 297 potential jobs held by off reserve residents once project is complete. About \$1.4 million in off reserve spending by reserve residents annually. 	<ul style="list-style-type: none"> Potential for about \$4 million in sales tax revenue once project is complete. About \$2 million in sales tax revenue from Shell's first year in operation. Tobacco tax agreement with New Brunswick. Motive fuel (diesel) tax agreement with the province. Land lease revenue benefits Madawaska's economic development corporation. 	<ul style="list-style-type: none"> About \$334,700 in property taxes for the City of Edmundston. Water and sewer fees collected directly by the City from on reserve commercial tenants.

Note: Appendices A through F outlined the assumptions and detailed descriptions of the estimated benefits summarized in this table.

Success Factor Analysis

We conducted interviews with key people in each of the six urban First Nation communities and municipal governments. Representatives interviewed were asked about the factors, elements or conditions they believe to be the most significant in terms of the economic impacts and fiscal benefits generated in their particular case. The table below summarizes their responses.

Most Important Success Factors Identified						
	Shuswap	Westbank	Whitecap	Opaskwayak	Uashat Mak Mani-Utenam	Madawaska
Developable land						
Infrastructure and services	X	X	X	X	X	X
Own source revenues	X	X		X		X
Community support	X	X	X			X
Land management regime		X	X	X	X	X
Governance	X	X	X	X	X	X
Relationship with local governments				X	X	
Financial management					X	
Land use planning						
Partnerships	X		X			
Administrative capacity						
Access to capital						

Note: Appendices A through F contain additional information about the factors for success identified by those interviewed.

Note: This table does not represent an assessment of the extent to which each factor has been addressed by each First Nation government. Further, it does not indicate the presence of the factor, element or condition, but only summarizes the responses from the particular representatives we interviewed. For example, if an "X" is not marked in the Financial Management row for a particular First Nation, this does not mean the financial management of the particular First Nation government is not accountable or not transparent. It only indicates the representative we interviewed did not identify Financial Management as one of the four or five *most important* factors leading to the economic impacts and fiscal benefits generated in their specific case.

Conclusions

Benefits Generated from Investment on Urban Reserves

Based on the examination of these six urban reserves and the information learned in the interviews, three important conclusions can be made:

- 1) Significant economic and fiscal benefits are generated from investment on urban First Nation reserves. Further, the economic benefits flow to urban reserve residents as well as residents of the adjacent urban centre (city or municipality) and regional residents.
- 2) The urban reserves examined in this study allowed us to identify the five most important factors contributing towards the economic and fiscal benefits generated. These are (i) Infrastructure and Services; (ii) Governance; (iii) Land Management Regime; (iv) Own Source Revenue; and (v) Community Support.
- 3) The benefits generated from investment on urban reserves should be representative of the potential benefits available from investment on urban ATRs.

Each of these conclusions is discussed below.

Economic Impacts

As summarized in the two tables below, investment on reserve in each case generates economic benefits for residents living on reserve and for residents living off reserve.

Economic benefits accruing to reserve residents	
Urban Reserve	Economic Benefits
Shuswap Band	<ul style="list-style-type: none">• About 57 jobs held by reserve residents.• Over 840 direct PYE and over 704 indirect PYE related to residential construction, supported by potential Corix / KWSC system expansion.
Westbank First Nation	<ul style="list-style-type: none">• About 1,190 jobs held by reserve residents.
Whitecap Dakota First Nation	<ul style="list-style-type: none">• About 200 jobs held by reserve residents.• Future Hotel & Spa construction jobs.
Opaskwayak Cree Nation	<ul style="list-style-type: none">• About 349 jobs held by reserve residents.

Economic benefits accruing to reserve residents

Urban Reserve	Economic Benefits
Innu Takuaihan Uashat Mak Mani- Utenam	<ul style="list-style-type: none"> • About 50 jobs associated with the shopping centre held by reserve residents. • About 227 full time and 510 seasonal jobs with Band owned or Member owned businesses held by reserve residents.
Madawaska Maliseet First Nation	<ul style="list-style-type: none"> • About 53 potential jobs held by reserve residents once project is complete.

Summary Table: Economic benefits accruing to municipal residents

Urban Centre	Economic Benefits
Invermere, East Kootenay	<ul style="list-style-type: none"> • About 227 jobs held by municipal residents. • About \$1 billion in possible residential investment off reserve supported by potential Corix / KWSC system expansion (Albertan second homes with no drain on provincial services). • About \$1.7 million in off reserve spending by reserve residents annually. • Almost 3,400 direct PYE and over 2,800 indirect PYE related to residential construction, supported by potential Corix / KWSC system expansion.
West Kelowna, Kelowna, Central Okanagan	<ul style="list-style-type: none"> • About 2,211 jobs held by municipal residents. • About \$36.3 million in off reserve spending by reserve residents annually.
Saskatoon	<ul style="list-style-type: none"> • About 600 jobs held by municipal residents. • Hotel and spa construction jobs. • About \$6.7 million in off reserve spending by reserve residents annually.
The Pas, Kelsey	<ul style="list-style-type: none"> • About 180 jobs held by municipal residents. • About \$10.4 million in off reserve spending by reserve residents.
Sept-Îles	<ul style="list-style-type: none"> • About 627 jobs associated with the shopping centre held by residents of Sept-Îles. • About 40 full time and 90 seasonal jobs with Band owned or Member owned businesses held by residents of Sept-Îles. • About \$19.6 million in off reserve spending by reserve residents annually.

Summary Table: Economic benefits accruing to municipal residents	
Urban Centre	Economic Benefits
Edmundston	<ul style="list-style-type: none"> • About 297 potential jobs held by municipal residents once project is complete. • About \$1.4 million in off reserve spending by reserve residents annually.

Fiscal Impacts

Further, on reserve investment in each case generates fiscal benefits for First Nation governments and local governments, as summarized in the two tables below.

Summary Table: Fiscal benefits accruing to First Nations governments	
First Nation	Fiscal Benefits
Shuswap Band	<ul style="list-style-type: none"> • Current water, sewer, and garbage service about \$400,000 per year. • About \$709,000 in property tax revenue in 2013. • About \$450,000 in First Nations GST (FNGST) per year currently. • Pre-paid land lease revenue. • Looking into hotel tax. • Potential for about \$1 million annually from the Corix / KWSC provision of service to RDEK lands. • Potential Corix / KWSC expansion could increase property tax revenue by \$22,500 annually.
Westbank First Nation	<ul style="list-style-type: none"> • Over \$10 million in annual property tax revenue, net of home owner grants. • Nearly \$1.3 million in FNST revenue in 2013. • About \$1.3 million in Water, Sewer, Development Charges and Permits in 2013. • Pre-paid residential land lease revenue.
Whitecap Dakota First Nation	<ul style="list-style-type: none"> • About \$1.25 million in property tax and grants-in-lieu revenue. • Whitecap Community Improvement Fee (FNGST). • Liquor Consumption Tax. • Provincial Fuel and Tobacco Tax Agreement. • Casino revenue set by formula.
Opaskwayak Cree Nation	<ul style="list-style-type: none"> • Property tax revenue. • Casino revenue shared among six First Nations.

Summary Table: Fiscal benefits accruing to First Nations governments

First Nation	Fiscal Benefits
Innu Takuaihan Uashat Mak Mani- Utenam	<ul style="list-style-type: none"> • Property tax revenue. • Lease revenue.
Madawaska Maliseet First Nation	<ul style="list-style-type: none"> • Potential for about \$4 million in sales tax revenue once project is complete. • About \$2 million in sales tax revenue from Shell's first year in operation. • Tobacco tax agreement with New Brunswick. • Motive fuel (diesel) tax agreement with the province. • Land lease revenue benefits First Nation's economic development corporation.

Summary Table: Fiscal Benefits accruing to local governments

Local Government	Fiscal Benefits
District of Invermere, Regional District of the East Kootenay	<ul style="list-style-type: none"> • About \$160,000 in property taxes for Invermere currently. • About \$96,000 in property taxes for RDEK currently. • Potentially, an additional 4,000 residential units in the RDEK could represent about \$6,000,000 in annual property taxes supported by the Corix / KWSC system expansion. • About \$55,000 for a servicing agreement with the RDEK in 2013.
District of West Kelowna, City of Kelowna, Regional District of the Central Okanagan	<ul style="list-style-type: none"> • About \$1.6 million for servicing agreements with West Kelowna and the RDCO. • About \$1.1 million in property taxes for West Kelowna. • About \$957,000 in property taxes for Kelowna. • About \$383,000 in property taxes for the RDCO.
City of Saskatoon	<ul style="list-style-type: none"> • Service agreement with the City of Saskatoon for fire and protective services. • About \$675,000 in property taxes to Saskatoon.

Summary Table: Fiscal Benefits accruing to local governments

Local Government	Fiscal Benefits
Town of the Pas, Rural Municipality of Kelsey	<ul style="list-style-type: none"> • Servicing agreement with The Pas. • About \$130,000 in property taxes to The Pas. • About \$32,000 in property taxes to the RM of Kelsey.
City of Sept-Îles	<ul style="list-style-type: none"> • Service agreement for public security. • About \$794,000 in property taxes to Sept-Îles.
City of Edmundston	<ul style="list-style-type: none"> • About \$334,700 in property taxes for the City of Edmundston. • Water and sewer fees collected directly by the City from on reserve commercial tenants.

The Five Most Important Factors

The literature describes a number of factors that improve a First Nation's ability to attract investment and achieve higher levels of economic development success on reserve lands in general. The 12 success factors we identified appear to represent the growing consensus among the literature. The literature provides significant evidence that all 12 success factors are important for contributing to greater levels of investment.

However, based on the urban reserves we looked at in this study and the responses from the people we interviewed, there are five factors that can be classified as the most important in terms of generating economic and fiscal benefits in an urban reserve setting.¹⁰ They are:

- i. Infrastructure and Services – identified as most important in six cases;
- ii. Governance – identified as most important in six cases;
- iii. Land Management Regime – identified as most important in five cases;
- iv. Own Source Revenues – identified as most important in four cases; and
- v. Community Support – identified as most important in four cases.

Each of these success factors is discussed below.

¹⁰ This list does not represent the most important factors in every economically successful First Nation across Canada. This list only summarizes the most frequently identified success factors contributing to economic and fiscal benefits among the people we interviewed.

Infrastructure and Services

The generation of economic and fiscal benefits requires infrastructure and ongoing local services. Basic physical infrastructure such as water, sewer, roads and telecommunications are important prerequisites for investment. Economic infrastructure improves the health of workers, reduces the costs of transportation and information and raises the value of land by converting it from raw to serviced land. Further, there is a positive relationship between the presence of core public infrastructure and productivity growth. In general, good assets alone cannot generate productive capital. The provision of services is required to add value to those assets in order to generate benefits to a community. It is often efficient for First Nations to purchase services from nearby local governments as opposed to delivering these services themselves. Service agreements can provide confidence to investors regarding the quality, continuity and pricing of local services within a community.

Governance

Good governance is essential to attracting and maintaining economic development, creating trust within the community and providing certainty to development partners and investors. The economic role of government administration is to help facilitate and support private investment at the lowest cost and least amount of time. Some features of good governance practices include maintaining consistency through policies and procedures that account for regime changes, separating the operation of government and business, and separating political and administrative roles.

Land Management Regime

The impact on economic development related to how reserve lands are managed cannot be understated. Well-built land management laws will make the rules regarding the development, conservation, protection, management, use, and possession of First Nation lands and resources clear to potential investors. Essentially, First Nation lands can be managed via the *Indian Act* or through a community developed land code under the *First Nations Land Management Act*. The First Nations Land Management regime offers a greater potential to create the investment certainty necessary for development. Developers look for certainty with processes, recourse, land tenure, returns on investment and service quality in order to ensure their investment is successful.

Own Source Revenue

First Nations require independent revenue sources to develop the necessary elements to facilitate economic development. Own source revenues can come from taxes, royalties, business revenues or other sources. The more secure and stable the revenue source, the better it can be utilized to establish suitable property rights and land tenure, build investment-grade infrastructure, create legal frameworks to support markets and develop responsive administrative structures. These revenues provide a means for community members to benefit from development and a way to further improve the investment climate in order to attract additional investment and development.

Community Support

In order for economic development to be realized, there must be broad based support from leadership and the community. Consequently, economic development must be made a priority that is communicated throughout the community. First Nation administrations can do this by focusing on conveying the benefits of economic development or particular projects to generate informed consent and support for their investment facilitation strategies. Planned community meetings and discussions can be forums by which priorities and benefits are communicated.

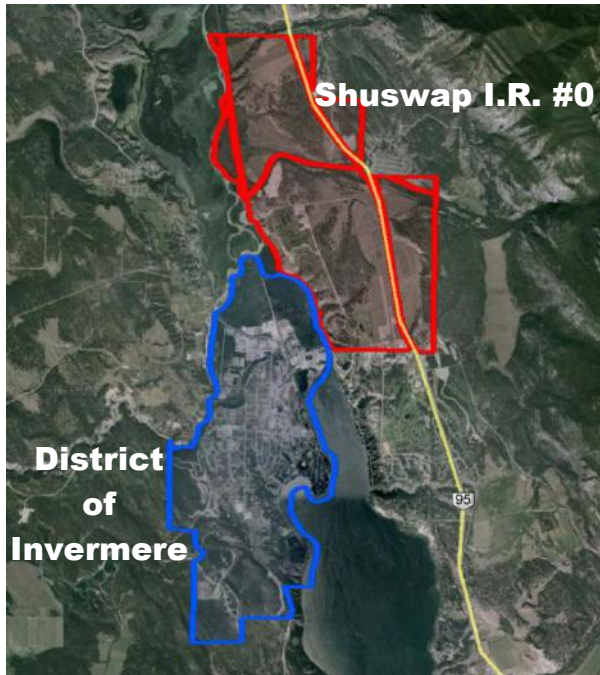
Next Steps

It is well understood that an urban location can provide First Nations with a competitive advantage. This is one of the primary reasons for the growing interest in the creation of satellite urban reserves through the ATR policy. The six cases examined in Stage I are representative of the economic and fiscal potential of urban ATRs.

In the next stage of this project, we will test the relationship between the five most important success factors (identified in Stage I) and the economic and fiscal impacts generated in a sample of urban ATRs. We will examine whether the presence or absence of these five factors have influenced the level of economic and fiscal impacts generated.

Those success factors shown to be correlated with greater economic and fiscal impacts in urban ATRs will be identified. The report on Stage II will also include our recommendations regarding changes to the ATR policy, with respect to its support of the factors correlated with greater economic and fiscal benefits.

Appendix A: Shuswap Band Background, Benefit Assessment, and Success Factors



This Google Earth image illustrates the relative proximity of the Shuswap Band's reserve¹¹, Shuswap I.R. #0 (shown in red), and the District of Invermere, BC (shown in blue).¹²

Overview

Reserve

Shuswap I.R. #0 is about 2,733 acres in size. As of February 2014, the Shuswap Band has a registered population of 260, with 84 living on Shuswap I.R. # 0.¹³ The total population of Shuswap I.R. #0 is 293 with 148 private dwellings.¹⁴ The implied non-member population is 209 (more than twice the size of the member population).

¹¹ Shuswap Band also jointly holds St. Mary's 1A (shared reserve) with four other First Nations, which is not part of this study.

¹² All boundaries shown in this document are approximate.

¹³ AANDC, First Nation Profiles (http://pse5-esd5.ainc-inac.gc.ca/fnp/Main/Search/FNRegPopulation.aspx?BAND_NUMBER=605&lang=eng).

¹⁴ Statistics Canada, Census Profile, 2011 Census.

Regional Background

Shuswap I.R. #0 is located just north of the District Municipality of Invermere, directly north of Windermere Lake, in the Windermere Valley. The District of Invermere is about 2,651 acres, with a total population of 2,955, and 1,912 private dwellings.¹⁵

The reserve is about 7 km north of Windermere, an unincorporated community on the east side of Lake Windermere. The population of Windermere is 1,019, with 1,876 private dwellings (but only 431 occupied by usual residents).¹⁶

"Historically mining, agriculture and lumber were major industries in the area but now tourism adds to the economy in a big way."¹⁷ "The Windermere Valley is 'cottage country' for many Albertans and in peak holiday periods the population can swell to between 20,000 and 30,000."¹⁸ "...Calgarians have all but colonized the valley. It is telling that Invermere's newspaper vending boxes sell only Albertan newspapers."¹⁹

"Invermere on the Lake is both a popular visitor and a thriving business centre for the surrounding communities. A popular seasonal/vacation home destination, Invermere together with the year round resident base, make for an exceptionally vibrant community as a top skiing and winter destination as well as golf, mountains and the lake in the summer."²⁰

"Along with tourism, Invermere's economy is based on forestry. The community also provides business and government services for other communities in the valley."²¹

Benefit Assessment

In the mid-1990s, the Shuswap Band designated approximately 500 acres of reserve land for economic development and infrastructure construction. The Band also created the Kinbasket Development Corporation (KDC)²² to hold the head lease on the designated lands and implement the Band's economic development strategy. The Shuswap Band leased the designated land to a developer, Stone Creek Properties. There are three main developments on the designated lands, including:

¹⁵ Statistics Canada, *Census Profile, 2011 Census*.

¹⁶ Statistics Canada, *Census 2011*.

¹⁷ Area Info, *Communities, Invermere* (<http://www.adventurevalley.com/community.html?commid=5>).

¹⁸ Panorama Mountain Village, *About* (<http://www.panoramaresort.com/village/invermere-lake>).

¹⁹ Hello BC, *Invermere, Culture & History* (<http://www.hellobc.com/invermere/culture-history.aspx>).

²⁰ Invermere On the Lake and Panorama Mountain Village (<http://invermerepanorama.com/about>).

²¹ Welcome BC (<http://www.welcomebc.ca/wbc/immigration/regions/kootenay/cities.page>).

²² The Kinbasket Development Corporation (KDC) is a wholly owned corporate extension of the Shuswap Indian Band. The KDC operates as a regular company, independent from activities of the First Nation government.

- Eagle Ranch Golf Resort – The development includes an 18-hole championship golf course (opened in 2000), full-service clubhouse, pro shop, restaurant, bar, and private meeting rooms. Planned development on the village centre includes boutique retail shops, restaurants, coffee shops, and a hotel. A limited number of luxury condominiums and secluded home sites are the residential component of this development.
- Kinbasket Commercial Centre – This commercial area has two parts. The Timber Rock Village has a number of retail boutiques. There is also a highway commercial strip with a Super 8 hotel, a Tim Hortons and a Home Hardware.
- Black Forest Heights & Village – This is a 64-unit semi-detached / duplex and 51 unit townhouse residential development completed in 1998 and 2007 respectively.

Investment

In 2013, the assessed value of business / other use real property on Shuswap I.R. #0 is about \$23.9 million. The assessed value of residential use real property was about \$38.6 million in that year. This investment has generated the benefits discussed below.

Economic Benefits to Shuswap I.R. #0 Residents

Employment benefits in this section are related to businesses supported by the proximity to the urban centre; therefore, the associated jobs are attributable to the urban nature of the reserve.

Employment Benefit: There are currently six medium size businesses on Shuswap I.R. #0, with one more opening soon. These include the Eagle Ranch Golf Resort, the Invermere Home Hardware Building Centre, the Tim Hortons Restaurant, the Super 8 Hotel, Kicking Horse Coffee manufacturing and warehouse facility, and the Columbia Valley Regional Airport.²³ A no-frills grocery facility is opening soon on Shuswap I.R. #0.²⁴ In addition to these medium size businesses, we assume there are 10 small businesses.²⁵ We estimate the total employment impact for the region to be about 284 jobs, with 57 jobs held by residents of Shuswap I.R. #0.²⁶

The Shuswap Band, through the KDC and affiliated businesses owned by the Shuswap Band or by Band members, provides full employment opportunities to the Band membership living on Shuswap I.R. #0.

Fiscal Benefits to the Shuswap Band

This section will focus only on those fiscal benefits associated with the urban nature of the reserve and the development noted.

Potential Service Agreement Related Fiscal Benefit: In order to provide the water and sewer infrastructure and services required under the sublease agreement with Stone Creek, the Shuswap Band created the Kinbasket Water and Sewer Company (KWSC). At this time, off-reserve development around Lake Windermere was limited by a lack of septic service.²⁷ The Shuswap reserve contained lands well suited for a sewage treatment facility as well as a high quality water source. Therefore, the infrastructure designed for the designated lands was “oversized” to accommodate the provision of water and sewer services off reserve.

²³ An IBISWorld Market Research Report from Mar 2013 shows the average Golf Course and Country Club business (NAICS 71391) in Canada has 29.8 employees. We assume this is consistent with the Eagle Ranch Golf Resort. We assume an employment impact of 30 jobs at the Invermere Home Hardware Building Centre. An IBISWorld Market Research Report from Jan 2013 shows the average Fast Food Restaurant (NAICS 72221a) business in Canada has 25.2 employees. We assume this is consistent with the Tim Hortons Restaurant on Shuswap I.R. #0. An IBISWorld Market Research Report from Dec 2013 shows the average Hotel & Motel (NAICS 72111) business in Canada has 33.9 employees. We assume this is consistent with the Super 8 Hotel on Shuswap I.R. #0. A recent article on the Kicking Horse Coffee website (<http://www.kickinghorsecoffee.com/en/blog/columbia-valley-pioneer-new-staff-area-launched-horse>) states there are 70 employees. Industry Canada data shows 64 of the 87 Other Airport Operations (NAICS 488119) businesses in BC have between 5 and 99 employees. We assume the Columbia Valley Regional Airport has 25 employees.

²⁴ Based on information from Matt Ney, CFO, KDC, the employment impact at the nofrills store (a Loblaw’s owned grocery store franchise expected to open in May 2014) is expected to be about 40 jobs. These have been included in this benefit assessment.

²⁵ We assume the 10 small businesses on Shuswap I.R. #0 have an average of 3 employees.

²⁶ We assume 20% of the private on reserve employment is held by Shuswap I.R. #0 residents.

²⁷ Past development left the area’s septic fields saturated.

The availability of sewer service has opened up higher density development opportunities off reserve. For 14 years, KWSC has provided service to the RDEK lands immediately south of the reserve. Corix Utilities has entered into negotiations to partner with KWSC in the ownership and operations of the KWSC and support the longer-term expansion plans for the system. The expansion plans will provide water and sewer services to the north end of the reserve and further service off-reserve to the RDEK up to the Village of Radium Resort, and include the acquisition of their utility. The Corix / KWSC partnership will consolidate the provision of services from the Village of Radium in the north to the Village of Windermere in the south (including Shuswap I.R. #0). The expanded system will provide services to over 4,000 residential equivalent units over the next 20 years and provide the Shuswap Band a great opportunity to expand its capacity to own and operate a large utility business under the direction of a competent utility operator such as Corix.

The potential service agreement could represent a fiscal impact of about \$1 million annually for the Shuswap Band once the utility reaches approximately 80% capacity.²⁸

The expanded Corix / KWSC system could service a larger residential tax base on reserve as well. The potential property tax impact for the Shuswap Band could be about \$22,500 annually.²⁹

Currently, the Shuswap Band collects utility fees for water, sewer, and garbage service on residential and commercial properties. At this time, combined revenues are about \$400,000 per year for water, sewer and related local government services, like garbage collection, road maintenance etc.³⁰

Property Tax Revenue: The Shuswap Band started taxing real property in 1992. Now the Shuswap Band collects property taxes under the authority of the First Nations Fiscal Management Act. Annual property tax revenues were budgeted at \$708,987 in 2013.³¹

²⁸ Based on information from Matt Ney, CFO, KDC.

²⁹ Based on information from Matt Ney, CFO, KDC, Shuswap I.R. #0 could easily see 15 residential units on reserve over the next 10 to 20 years. Using an average tax bill of \$1,500, this could be an impact of \$22,500 annually.

³⁰ Based on information from Matt Ney, CFO, KDC.

³¹ Shuswap Indian Band Annual Expenditure Law, 2013, First Nations Gazette (http://sp.fng.ca/fngweb/605_expenditure_law_2013_fng.pdf).

Lease Revenue: As previously mentioned, the Shuswap Band's wholly owned subsidiary, KDC, holds the head lease on the designated land and subleases it to the developer, Stone Creek Properties. Under the terms of the sublease agreement³², Stone Creek makes annual lease payments equal to 2.5% of the previous calendar year's gross revenue. Other than the Stone Creek golf course annual payments for lease, all other leases are prepaid for the term of the head lease less a day, which are currently nearing the market value of freehold interests in comparable land adjacent to the reserve.

First Nations Goods and Services Tax: The Shuswap Band signed a tax administration agreement with Canada under the First Nations Goods and Services Tax Act in 2008.³³ The Shuswap Band receives approximately \$450,000 of FNGST revenue annually.³⁴

Hotel Room Tax Revenue: The Shuswap Band is currently exploring hotel room taxes. At present, the only applicable accommodation facility is the 46-room Super 8 Hotel.

Economic Benefits to Invermere Residents and Regional District Residents

Employment Benefit: We estimate there to be about 10 small employer businesses on Shuswap I.R. #0, in addition to the medium size employers previously mentioned (Eagle Ranch Golf Resort, Invermere Home Hardware Building Centre, Tim Hortons Restaurant, Super 8 Hotel, Columbia Valley Regional Airport, Kicking Horse Coffee and the Loblaw's owned nofrills franchise opening soon). We estimate the total employment impact for the region to be about 284 jobs, with 142 jobs held by residents of Invermere and 85 jobs held by Regional District residents.³⁵

Off Reserve Services Investment Benefit: The Corix / KWSC provision of water and sewer services off reserve could lead to a significant investment in residential property. At an average investment of \$250,000 per residential unit, this represents a total potential investment of \$1 billion. It is important to note that most of these homes are 2nd homes owned by Alberta residents, which represent no drain on provincial services like schools, medical, homeowner grants, etc.

³² I LRS Instrument Registration Number 281639 (June 30, 2000).

³³ Agreement on Department of Finance's website (<http://www.fin.gc.ca/activty/firstnations/fngst-tpspn-07-eng.asp>) and Aboriginal Business & Investment Council article, Developers at Heart (<http://www.bcabic.ca/content/developers-heart>).

³⁴ Based on information from Matt Ney, CFO, KDC.

³⁵ We assume 50% of the employees associated with these businesses are Invermere residents and 30% are RDEK residents.

There are tremendous employment opportunities in a variety of areas associated with this level of residential investment. We estimate over 4,200 person years of employment directly in the residential construction sector (both on and the off job site), and an additional 3,500 person years of employment indirectly in the array of industries supplying goods and services to the residential construction sector.³⁶ If 20% of this benefit flows to residents of Shuswap I.R. #0, there are still over 6,000 PYE flowing to off reserve residents.

With the first servicing agreement with RDEK there was development on RDEK lands of about \$200 million.

Reserve Resident Spending Economic Benefits: We have estimated 57 jobs held by residents of Shuswap I.R. #0. If these employees earn \$37,600³⁷, on average, and we assume a 10% rate of savings, we estimate the economic benefit off reserve to be about \$1.7 million annually.³⁸

In our interview with the Regional District of East Kootenay's Chief Administrative Officer, Lee-Ann Crane, she stated that in her opinion, the economic benefits flowing to off reserve residents is very well understood among the Regional District's directors. She also noted the region realizes economic benefits from development on reserve and that both communities share in the benefits of that development.

Fiscal Benefits to the District of Invermere and the Regional District of East Kootenay

Service Agreement Fiscal Benefit: The RDEK provides some services on Shuswap I.R. #0. The Shuswap Band's 2013 annual expenditure law included \$55,000 for a service agreement with the RDEK.³⁹

³⁶ A 2009 CMHC study by Altus Group (*Economic Impacts of Residential Construction*) found that 10,000 housing starts in Canada leads to 10,533 person years of employment directly in the residential construction sector. Further, the study found 10,000 housing starts in Canada leads to an additional 8,804 person years of employment to indirectly among the array of industries supplying goods and services to the residential construction sector.

³⁷ This is the average earnings of all earners (not just full time full year earners) in British Columbia for 2011. Earnings refers to employment income and does not include other types of income or government transfers.

³⁸ We assume an off reserve rate of spending of 90%.

³⁹ Based on information from an agreement expired in 2011, the RDEK provides septage disposal for properties not connected to a community sewer system, solid waste disposal and recycling services, among other services, to the non-native interests in the reserve.

Employment Related Fiscal Benefit: The off-reserve tax base is larger, owing to Invermere and Regional District residents employed on Shuswap I.R. #0 at businesses supported by the proximity to the urban centre. Above, we estimated this employment impact to be 227 jobs. We estimate the annual fiscal impact to be about \$160,000 for Invermere and about \$96,000 for the RDEK.⁴⁰

Off Reserve Services Fiscal Benefit: As previously stated, the potential expanded Corix / KWSC water and sewer infrastructure on the reserve will have capacity to service 4,000 equivalent residential units off reserve. That represents a significant fiscal benefit to the RDEK in terms of a larger tax base. Potentially, this could represent about \$6 million annually for the Regional District after the infrastructure is expanded and the area is fully developed (construction of 4,000 equivalent residential units).⁴¹

Factors for Success

In developing this section, we interviewed Matt Ney, CFO, Kinbasket Development Corporation. We also interviewed Lee-Ann Crane, CAO, Regional District of East Kootenay.

Below are brief comments on each of the factors for success, as they relate to Shuswap's specific success and experience.

- 1) Developable land – The area's road and traffic characteristics and the nature of access into Invermere from Highway 93/95 make the southern portion of the reserve highly attractive for commercial development purposes.
- 2) Infrastructure and services – Water and sewer infrastructure, and a potential partnership between the Shuswap Band's utility company and Corix, are key to generating fiscal and economic benefits. But, highway improvements, and a good working relationship with BC's Ministry of Transportation and Infrastructure, were identified as key factors in Shuswap's success.
- 3) Own sources revenues – Fiscal powers were identified as one of the most important factors in Shuswap's success.

⁴⁰ We assume 142 people live in Invermere and work on reserve and 85 people live in the Regional District and work on reserve. We assume 75% own residential property and pay property tax. Further, we assume if not employed on reserve, these people would not live in Invermere or the Regional District. Therefore, Shuswap I.R. #0 is directly responsible for the larger off-reserve tax base. The average tax bill is assumed to be \$1,500 for both Invermere residents and RDEK residents employed by businesses on Shuswap I.R. #0.

⁴¹ If the average property tax bill is assumed to be \$1,500, we estimate the increased property tax potential for the RDEK to be about \$6 m in after system expansion and full build out.

- 4) Community support – One of the most important factors contributing to Shuswap’s success was to make economic development a priority. Shuswap found that this required a lot of communication work in the beginning to build community support. But now that the benefits of economic development are accruing to the membership, community support does not require the communication effort it initially.
- 5) Land management regime – The commercial centre is based on a secure, long-term, fully pre-paid head lease. Although land tenure and a sound land management regime were noted as important factors in development on reserve, Matt Ney told us there simply wasn’t significant resistance among investors to the concept of development on Shuswap I.R. #0. Therefore, this was not selected as one of the most important factors in Shuswap’s experience.
- 6) Governance – The separation of politics and business as well as stability in the leadership of both was identified as an important factor in Shuswap’s success.
- 7) Relationships with local governments – The Shuswap Band maintains a generally positive relationship with the RDEK. It was noted that the two governments participate in cooperative, co-planning strategies. In the opinion of Lee-Ann Crane, the mutual benefits of the cooperative relationship are well understood among the Regional District’s directors and administration.
- 8) Financial management system – This was not specifically addressed in our interviews.
- 9) Land use planning – This was not specifically addressed in our interviews.
- 10) Partnerships – Relationships with private sector partners was identified as one of the most important factors in Shuswap’s success. It was noted that partnerships were especially important in the early stages of development.
- 11) Administrative capacity – This was not specifically addressed in our interviews.
- 12) Access to capital – This was not specifically addressed in our interviews.

Key Factors

This section briefly describes the top-ranked elements mentioned when we asked the interviewees about the key factors that most significantly contribute to the economic success of the First Nation and the adjacent local government.

Governance – The separation of politics and business was identified as an important factor. Among other valuable functions, this separation allows the business side to be more innovative and the government side to be more supportive. Further, stability in the leadership of both is required. But, stability is particularly important in the leadership of the business side. The KDC has had stability in its leadership since its creation and this increases investor confidence. This stability and subsequent investor certainty has allowed the KDC to take a long-term approach and establish relationships with public and private sector partners.

Community Support – It is important to make economic development a priority. In the beginning of this process, this required a lot of communication work to build community support. Many meetings and discussions were held, particularly related to the head lease. The community's support was confirmed in the designation / head lease vote. Now, the Shuswap Band has found that membership is more actively involved. More and more now the benefits are accruing to the membership in general through jobs and community services. Matt Ney noted, "The benefits of development are flowing much more directly to the community members now; so there is a better understanding of the benefits of economic development." Now community support does not require the communication effort it initially.

Own Source Revenues – The fiscal powers of the First Nations Fiscal Management Act were identified as important factors in Shuswap's economic success. Taxation provides the means for community members to benefit from development on reserve. As Matt Ney mentioned, "Without property taxation, there is little incentive to build assets on reserve land." Land leasing does provide some revenue for First Nation governments. But, Matt Ney explained that Shuswap's approach is to treat the land as a loss leader to expand the tax base, so the community realizes the ongoing, long-term fiscal and economic benefits.

Infrastructure and Services – This is a unique situation, in which the Band's utility company, the KWSC, provides water and sewer services to the local government. In our assessment, the potential partnership with Corix and expansion plans drive the massive potential benefits associated with Shuswap and the RDEK. This is obviously an important factor in Shuswap's success.

In our interview with the Regional District's CAO, Lee-Ann Crane⁴², she identified infrastructure as the most important factor in Shuswap's success, and the subsequent economic and fiscal benefits flowing to Shuswap and the RDEK.

⁴² *The Shuswap Band's relationship with the RDEK is much more involved than its relationship with the City of Invermere. Therefore, in this case, we opted to interview the RDEK's Chief Administrative Officer on the local government side.*

But, in our interview with Matt Ney, infrastructure was identified as an important factor for another reason. The characteristics of the highway and access to Invermere make the highway commercial development on Shuswap I.R. #0 viable. But, to take advantage of the potential, the KDC required various highway upgrades for improved access to the commercial development site. Matt Ney described the KDC's excellent relationship with the BC Ministry of Transportation and Infrastructure and how the highway improvements have contributed significantly to the benefits realized by Shuswap and the RDEK.

Partnerships – Private sector investors are one of the most important drivers of economic success. In Shuswap's case, the key private sector investors are Home Hardware, Tim Hortons, and Super 8. Establishing these early partnerships required significant commitment, patience, and perseverance by all parties involved. When the KDC was first dealing with these private investors, significant creativity was necessary. But, now that Shuswap and the KDC have a proven track record, a more typical approach is utilized. Matt Ney indicated the deal with Loblaw's nofrills facility is typical and very similar to any deal they'd get in any city off reserve.

Appendix B: Westbank First Nation Background, Benefit Assessment, and Success Factors



This Google Earth image illustrates the Westbank First Nation's reserves⁴³, called Tsinstikeptum I.R. #9 and #10 (shown in red), within the District of West Kelowna, BC (shown in blue).⁴⁴ The City of Kelowna is east of Okanagan Lake.⁴⁵

Overview

Reserves

As of February 2014, the Westbank First Nation has a registered population of 802, with 415 living on Westbank reserves.⁴⁶

⁴³ Westbank also holds Mission Creek 8, Medicine Hill 11, Medicine Creek 12, which are not specifically part of this study.

⁴⁴ The District of West Kelowna was incorporated in 2007. Previously, the regional district rural electoral area called Westside.

⁴⁵ All boundaries shown in this document are approximate.

⁴⁶ AANDC, First Nation Profiles (http://pse5-esd5.ainc-inac.gc.ca/fnp/Main/Search/FNRegPopulation.aspx?BAND_NUMBER=601&lang=eng).

Tsinstikeptum I.R. #9 is about 1,586 acres in size. The total population of Tsinstikeptum I.R. #9 is 5,882 with 3,145 private dwellings.⁴⁷ Tsinstikeptum I.R. #10 is about 828 acres in size. The total population of Tsinstikeptum I.R. #10 is 1,186 with 532 private dwellings.⁴⁸ The implied non-member population of these reserves is 6,653 (16 times larger than the member population).

Tsinstikeptum I.R. #9 is on the western shore of Okanagan Lake, directly across the William R. Bennett Bridge from the City of Kelowna. Almost three kilometers of the Okanagan Highway runs through the reserve.

Tsinstikeptum I.R. #10 is located on a northern portion of Gellatly Bay. The reserve has about 3.7 km of Okanagan Highway running through it.

Regional Background

The District of West Kelowna includes over 30,000 acres. The total population of West Kelowna is 30,892 with 13,034 private dwellings.⁴⁹

The most prominent industry sectors in the Okanagan Valley include agriculture, tourism, retail trade, manufacturing, forestry and construction. Recently, the Kelowna International Airport and the University of British Columbia – Okanagan Campus have emerged as key drivers of economic growth in the central Okanagan.

In 2011, 18.33% of the Central Okanagan's workforce was employed in retail trade.⁵⁰ But, historically, the primary economic activity in the Okanagan Valley has always been agriculture. More recently, the Central Okanagan's economy has become increasingly diversified. But, agriculture and viticulture remain important to the region's economic growth through tourism. The significance of agri-tourism to the regional economy is expected to increase in the future. The tourism industry has been an important driver of the regional economy for some time. However, this is increasingly becoming a four-season contributor to the economy.

Manufacturing is another key industry in transition. Manufacturing was once based on traditional sectors like agriculture and forestry. Now, manufacturing for the aerospace sector is much more prominent. Finally, the contributions from health care and social services to the regional economy are expected to increase in the coming years.

⁴⁷ Statistics Canada, *Census Profile, 2011 Census*.

⁴⁸ Statistics Canada, *Census Profile, 2011 Census*.

⁴⁹ Statistics Canada, *Census Profile, 2011 Census*.

⁵⁰ 2012 Economic Profile – Regional District of the Central Okanagan, Central Okanagan Economic Development Commission

(http://www.investkelowna.com/sites/default/files/uploads/2012_regional_economic_profile_final_2012-05-10.pdf).

Benefit Assessment

The market value of Westbank lands demonstrates the confidence investors have in the WFN government and the certainty provided in investment climate. According to interviews with developers, the value of an acre of Westbank reserve land rose from about \$15,000 in 1991 to about \$1 million in 2007.⁵¹ Comparable growth rates in assessed value of Westbank lands have continued beyond 2007.⁵²

Investment

The economic strength of the Westbank First Nation is reflected in the level of investment in Westbank lands. There is a significant level of investment on Westbank reserves. In 2012, the assessed value of all property on Westbank lands was about \$1.3 billion.⁵³ In 2013, the total assessed value of residential property exceeded \$930 million; business / other property was almost \$380 million; and light industry was over \$5 million. This investment has generated the estimated economic and fiscal impacts described in the following sections.

Economic Benefits to Tsinstikeptum I.R. #9 and #10 Residents

Employment benefits in this section are related to businesses supported by the proximity to the urban centre; therefore, the associated jobs are attributable to the urban nature of the reserve.

Employment Benefit: According to the WFN 2013 Retail Directory, there are over 400 businesses on Westbank lands.⁵⁴ If all of these are employer businesses, the total employment impact for the region could be about 3,401 jobs, with 1,190 held by residents of Tsinstikeptum I.R. #9 and #10.⁵⁵

In 2011, the unemployment rate among the Aboriginal identity population (aged 15 years and over) living on Tsinstikeptum I.R. #9 was 11.0%.⁵⁶

⁵¹ *Beyond the Indian Act: Restoring Aboriginal Property Rights*, Flanagan, T., Le Dressay, A., and Alcantara, C., 2010.

⁵² *The Economic and Fiscal Benefits of the Westbank First Nation, Fiscal Realities Economists*, 2011.

⁵³ *WFN Leases, Porrelli Law Presentation for WFN Lands Conference, Nov 2013* (http://www.wfn.ca/docs/2013_-_6_leasing_wfn_lands_barry.pdf).

⁵⁴ *Westbank First Nation, Retail Directory, 2013* (http://www.wfn.ca/docs/retail_directory_2013.pdf).

⁵⁵ Based on 2012 Industry Canada data for Total Private Employment by Province and Size of Business (<http://www.ic.gc.ca/eic/site/061.nsf/eng/02805.html>) and Total Number of Employer Businesses (<http://www.ic.gc.ca/eic/site/061.nsf/eng/02804.html>), the average number of employees per employer business in BC is about 8.5. If this is also true for the businesses on Tsinstikeptum I.R. #9 and I.R. #10, the estimated total employment impact is about 3,401 jobs. In this case, one job equals one employee (seasonal and part-time jobs are included in this estimate). Further, we assume 35% of these employees are Tsinstikeptum I.R. #9 and #10 residents.

⁵⁶ *Statistics Canada, NHS Aboriginal Population Profile, 2011* (<http://www12.statcan.gc.ca/nhs-enm/2011/dp-pd/aprof/details/page.cfm?Lang=E&Geo1=CSD&Code1=5935802&Data=Count&SearchText=Tsinstikeptum&SearchType=Begins&SearchPR=01&A1=All&Custom=&TABID=1>).

Fiscal Benefits to the Westbank First Nation

This section will focus only on those fiscal benefits associated with the urban nature of the reserve and the development noted.

Property Tax Revenue: The WFN has administered their property taxation system since 1990 and collects property taxes under s. 83 of the Indian Act. In 2013, the WFN collected over \$10 million in property tax revenues, net of home owner grants.⁵⁷ The WFN has constructed a water system on Tsinstikeptum I.R. #9 and is in the process of building a water and sewer system on Tsinstikeptum I.R. #10 through the utilization of property tax revenues.

First Nation Sales Tax: The WFN has collected sales tax on tobacco products since 1998 and on alcoholic beverages and fuel since 1999. Westbank collects the FNST under the federal Budget Implementation Act 2006. In 2013, the WFN collected nearly \$1.3 million in FNST revenue.⁵⁸ In 2009, the WFN was added to Schedule 1 of the FNGST Act, but has not enacted a tax law to collect FNGST on other GST-applicable supplies (beyond tobacco, alcohol and fuel).

Development Cost Charges: Under their Self-Government Agreement, the WFN collects DCCs from developers. In 2013, the WFN collected about \$1.3 million in Water, Sewer, Development Charges and Permits.⁵⁹

Lease Revenue: Under their Self-Government Agreement, long-term leasing of Westbank Lands is possible. All residential leases on WFN lands, excluding manufactured home parks, are pre-paid leases.⁶⁰

Economic Benefits to West Kelowna Residents and Regional District Residents

Employment Benefit: There are over 400 businesses on Westbank lands. We estimate the total employment impact for the region to be about 3,401 jobs, with 1,020 held by residents of West Kelowna, about 850 held by residents of Kelowna, and about 340 held by residents of the RDCO.⁶¹

⁵⁷ Westbank First Nation Annual Report 2012/13 (http://www.wfn.ca/docs/2012-13_wfn_annual_report_-_4mb.pdf).

⁵⁸ Westbank First Nation Annual Report 2012/13 (http://www.wfn.ca/docs/2012-13_wfn_annual_report_-_4mb.pdf).

⁵⁹ Westbank First Nation Annual Report 2012/13 (http://www.wfn.ca/docs/2012-13_wfn_annual_report_-_4mb.pdf).

⁶⁰ Providing annual revenue estimates for when pre-paid leases are used would be misleading.

⁶¹ We assume 30% of these employees are West Kelowna residents, 25% are Kelowna residents, and 10% are RDCO residents.

Reserve Resident Spending Economic Benefits: We have estimated 1,190 jobs held by residents of Tsinstikeptum I.R. #9 and #10. If these employees earn \$37,600⁶², on average, and we assume a 10% rate of savings, we estimate the economic benefit off reserve to be about \$36.3 million annually.⁶³

Fiscal Benefits to the District of West Kelowna and the Regional District of Central Okanagan

Service Agreement Fiscal Benefit: The WFN has a local service agreement with the District of West Kelowna for water, sewer and fire protection for both Tsinstikeptum I.R. #9 and #10. The WFN also has a local government service agreement with the Regional District of Central Okanagan.⁶⁴ Under this agreement, the Regional District provides services⁶⁵ to the WFN reserves to the same standard as generally provided in the District, and the WFN provides services⁶⁶ to the District. The cost of First Nation service provision is deducted from the cost of district service provision.

In 2013, over \$1.6 million in WFN property tax revenue was collected for other governments.⁶⁷ This represents the combined service agreement fiscal benefit to the District of West Kelowna and the RDCO.⁶⁸

Employment Related Fiscal Benefit: The off-reserve tax base is larger, owing to West Kelowna, Kelowna, and RDCO residents employed on Tsinstikeptum I.R. #9 and I.R. #10 at businesses supported by the proximity to the urban centre. Above, we estimated this employment impact to be 3,401 jobs for the region. We estimate the annual fiscal impact to be about \$1.1 million for the District of West Kelowna, about \$957,000 for the City of Kelowna, and about \$383,000 for the RDCO.⁶⁹

⁶² This is the average earnings of all earners (not just full time full year earners) in British Columbia for 2011. Earnings refers to employment income and does not include other types of income or government transfers.

⁶³ We assume an off reserve rate of spending of 90%.

⁶⁴ Service Agreement (http://www.civicinfo.bc.ca/Library/First_Nations_Service_Agreements/Services_Agreement--CORD_Westbank_First_Nation--2007.pdf).

⁶⁵ Services include Regional Rescue Services, 911 Operations / Dept, Crime Stoppers, Victims Witness, Westside Transit, Handi-Dart, Septic Tank Effluent Dump, Westside Sanitary Landfill, Okanagan Basin Water Board, and Regional Parks.

⁶⁶ Services include Mount Boucherie Recreation Centre, Westside Senior's Centre, Johnson Bentley Pool.

⁶⁷ Westbank First Nation 2013 property tax allocation pie chart (<http://www.wfn.ca/black-bear/allocation.htm>).

⁶⁸ This total also contains small amounts for agreements with BC Assessment and Okanagan Regional Library.

⁶⁹ We assume 1,020 people live in West Kelowna and work on reserve, 850 people live Kelowna and work on reserve, and 340 people live in the Regional District and work on reserve. We assume 75% own residential property and pay property tax. Further, we assume if not employed on reserve, these people would not live in West Kelowna, Kelowna, or the Regional District. Therefore, Tsinstikeptum I.R. #9 and I.R. #10 are directly responsible for the larger off-reserve tax base. The average tax bill is assumed to be \$1,500 among all tax payers.

Other Benefits

In 2011, we completed a study analyzing the investment performance of Westbank.⁷⁰ In that study, we found that the WFN has been highly successful in attracting investment to its land since its self-government agreement. This investment is generating annual tax revenues of \$80 million; \$50 million of which goes to the federal government.⁷¹

Also, in that study we found that the Westbank gross domestic product has grown strongly over the past decade rising from roughly \$100 million to \$458 million. The foundation of this has been strong investment. While no direct investment data is available for Westbank alone, the available data suggests that Westbank investment rates have consistently been two to three times greater than the provincial average and that of their region. Moreover, this investment was maintained even during the global recession.

Further, we found that investment into Westbank has produced considerable fiscal benefit to both the federal and provincial governments. In 2010, it is estimated that the Westbank economy generated sales tax revenues of \$10.8 million to the federal government and \$15.1 million to the provincial government. Personal income tax revenues were \$30.0 million and \$10.7 million respectively. Corporate taxes were \$8.6 million and \$3.8 million respectively.

Factors for Success

In developing this section, we interviewed Ernest Jack, Surveyor of Taxes at the Westbank First Nation. We also interviewed the District of West Kelowna's mayor, Doug Findlater.

Below are brief comments on each of the factors for success, as they relate to Westbank's specific success and experience.

- 1) Developable land – There are almost 2,500 acres (both I.R. #9 and #10 combined) of WFN land completely surrounded by West Kelowna and directly across the William R. Bennett Bridge from the City of Kelowna, with about 3.7 km of the Okanagan Highway (combined).
- 2) Infrastructure and services – The WFN constructed water and sewer trunk lines to connect with the West Kelowna system and has service agreements with West Kelowna for water, sewer and fire protection, and with the Regional District for other services.

⁷⁰ *The Economic and Fiscal Benefits of the Westbank First Nation, Fiscal Realities Economists, 2011.*

⁷¹ *This is far in excess of the \$2.2 million that the federal government transfers to Westbank in support of general government.*

- 3) Own source revenues – Taxation was identified as one of the most important factors for success, in terms of how services are paid for and how the community realizes a benefit from development.
- 4) Community support – Community support was identified as the most important factor for economic success. To quote Ernest Jack, “To be successful, and to remain successful, the community must have your back 100%. This support is confirmed in Westbank’s Constitution. If leadership changes, the Constitution still guides us.”
- 5) Land management regime – Secure, long-term land tenure was identified as one of the most important factors for success.
- 6) Governance – Good governance was identified by both Ernest Jack and Mayor Findlater as an important factor for success. Particularly in terms of how governance provides certainty to potential investors.
- 7) Relationships with local governments – The WFN’s relationship with West Kelowna was described as somewhat difficult at first, relative to the good relationship the WFN had with the RDCO prior to West Kelowna’s incorporation in 2007. But today, Westbank and West Kelowna’s relationship has improved, and the two governments have a number of joint working groups. Both governments realize the benefits of cooperation. In our interview with Mayor Findlater, he noted there is a broad understanding of the economic and fiscal benefits realized in West Kelowna from development on Westbank lands. In fact, he noted a number of specific examples, including jobs on reserve for West Kelowna residents and the property taxes those people pay to the District.
- 8) Financial management system – This was not specifically addressed in our interviews.
- 9) Land use planning – This was not specifically addressed in our interviews.
- 10) Partnerships – This was not specifically addressed in our interviews.
- 11) Administrative capacity – This was not specifically addressed in our interviews.
- 12) Access to capital – This was not specifically addressed in our interviews.

Key Factors

This section briefly describes the top-ranked elements mentioned when we asked the interviewees about the key factors that most significantly contribute to the economic success of the First Nation and the adjacent local government.

Community Support – Community support was identified as the most significant element in Westbank’s economic success. The WFN’s constitution is the document that represents the Westbank community’s support. The Westbank constitution was developed over several years by a working group composed of community members. The Westbank constitution guides the WFN’s economic development activities, even if leadership changes.

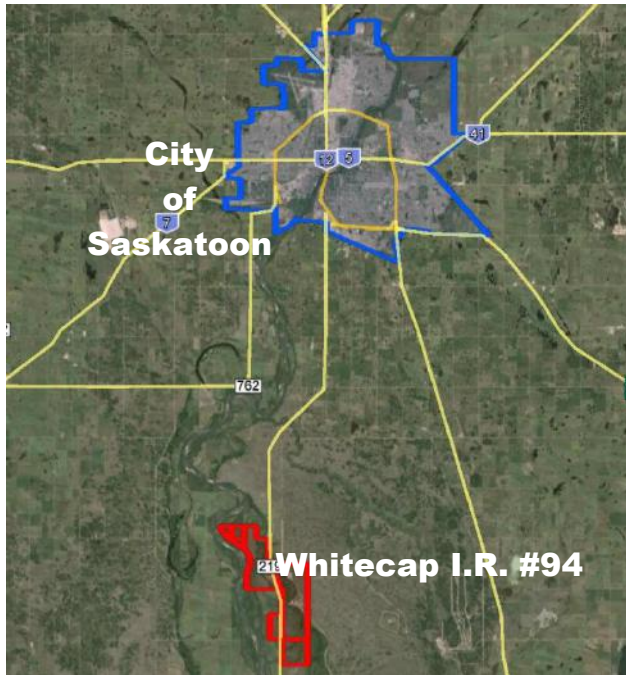
Governance – Good governance, accountability and transparency with local control and decision making is a necessity to provide certainty to investors. The Westbank constitution sets out how the community will govern itself, including rules for the election of council. The constitution ensures the WFN government will be responsive to the needs of its people and the community. The constitution also sets out clear conflict of interest guidelines for chief and council to ensure that personal interests do not interfere with public duty.

Infrastructure and Services – The WFN constructed water and sewer trunk lines to connect with the West Kelowna system and has a service agreement with West Kelowna for water and sewer services. The WFN also has a service agreement for fire protection with West Kelowna. The WFN also purchases other services from the Regional District. Without this infrastructure and these service agreements, the fiscal and economic benefits generated on Westbank lands would be significantly lower.

Land Management – The WFN began with First Nation Land Management in 2003. As a Framework Agreement signatory, the WFN developed a land code and was an FNLM operational community. The WFN then rolled the land code components into its constitution as part of its self-government agreement in 2005. All interests in Westbank lands, both member and non-member are protected under Westbank’s constitution and other Westbank laws. The constitution sets out the principles, rules and administrative structures pursuant to which the WFN will exercise authority and jurisdiction over Westbank lands. The land rules section of the constitution addresses areas such as interests in land, transfers of interests, registration of interests, mortgage of interests, expropriation, natural resources, surveys and dispute resolution to name just a few. The constitution is complemented with other land management laws, like a registry regulation, land use laws, and comprehensive subdivision and development law. Laying out these rules provides potential investors with confidence. The Westbank legal framework ensures stability with respect to how lands are governed for generations to come.

Own Source Revenue – Taxation was identified as a critical element of Westbank’s economic success. Taxation is necessary to pay for the continual improvements to infrastructure and services the WFN has made. It is important to demonstrate a consistent track record to provide confidence to potential investors. Taxation ensures a community benefit from private investment and development of Westbank lands. As an example, the WFN invested about \$500,000 per year from 2007 to 2011, over \$1 million in 2012 and about \$1.5 million in 2013 in sidewalks and streetlights.

Appendix C: Whitecap Dakota First Nation Background, Benefit Assessment, and Success Factors



This Google Earth image illustrates the proximity of the Whitecap Dakota First Nation's reserve, called Whitecap I.R. #94 (shown in red) to the City of Saskatoon, SK (shown in blue).⁷²

Overview

Reserve

Whitecap I.R. #94 is about 4,681 acres in size. As of February 2014, the Whitecap Dakota First Nation (WDFN) has a registered population of 617, with 291 living on Whitecap I.R. #94.⁷³ The total population of Whitecap I.R. #94 is 351, with 130 private dwelling units.⁷⁴ The implied non-member population is 60. Other sources indicated a non-member population of 180.⁷⁵

⁷² All boundaries shown in this document are approximate.

⁷³ AANDC, *First Nation Profiles* (http://pse5-esd5.aainc.gc.ca/fnp/Main/Search/FNRegPopulation.aspx?BAND_NUMBER=372&lang=eng).

⁷⁴ Statistics Canada, *Census Profile, 2011 Census*.

⁷⁵ AANDC, *Fact Sheet – Whitecap Dakota Self-Government Negotiations* (<https://www.aadnc-aandc.gc.ca/eng/1375811543253/1375811743236>).

Regional Background

Whitecap I.R. #94 is located about 26 km south of the City of Saskatoon.

Saskatoon is the largest city in Saskatchewan. In 2012, the population was about 284,000, making Saskatoon Canada's fastest growing census metropolitan area for the third consecutive year.⁷⁶ In 2013, Saskatoon's population growth continued with 3.9% growth.⁷⁷ Saskatoon's population is also the youngest in Canada, with a median age of 34.9 years.⁷⁸

The regional economy is based around potash, oil and agriculture, which is why Saskatoon is associated with the acronym POW (potash, oil, and wheat). Various grains and livestock, oil and gas, potash and uranium mining, and food processing drive the regional economy.

Benefit Assessment

The system of governance, financial accountability, investment climate certainty, and land management regime established by the WDFN has led to significant investment on Whitecap I.R. #94.

In 1990, the WDFN created the Whitecap Development Corporation. Taking advantage of its location along the Chief Whitecap Trail Tourism Corridor, Whitecap is developing one of Saskatchewan's premier destination resorts. Through partnerships, the WDC has developed a number of major projects⁷⁹, including:

- Dakota Dunes Golf Links Championship Golf Course (2005)
- Dakota Dunes Casino (opened 2007)
- Whitecap Trail Gas Bar Confectionary (expanded 2010)

⁷⁶ *Saskatoon Is the Fastest Growing, Youngest City in Canada: StatsCan, by Canadian Press* (http://www.huffingtonpost.ca/2013/02/06/saskatoon-fastest-growing-youngest-city-in-canada-statscan_n_2635086.html).

⁷⁷ *Saskatoon youngest and second-fastest growing city in Canada: StatsCan, CTV Saskatoon* (<http://saskatoon.ctvnews.ca/saskatoon-youngest-and-second-fastest-growing-city-in-canada-statscan-1.1707590>).

⁷⁸ *Saskatoon youngest and second-fastest growing city in Canada: StatsCan, CTV Saskatoon* (<http://saskatoon.ctvnews.ca/saskatoon-youngest-and-second-fastest-growing-city-in-canada-statscan-1.1707590>).

⁷⁹ *The WDC has made a number of other investments, including Whitecap / NCSG Grane and Heavy Haul, the Bison Ranch, and Dakota Technologies. But, the economic activity and benefits generated by these investments aren't necessarily attributable to the reserve's proximity to the City. Therefore, these are not considered in this assessment. Whitecap Commercial Real Estate, another WDC investment, has partnered in the construction of a recently opened 15,000 sq ft storage building. Initial clients are using the building mainly for equipment storage. As these initial clients aren't based in Saskatoon, the benefits generated by this project aren't considered in this assessment either. But, it is important to note that this project marks the beginning of a 40-acre business park located on Whitecap I.R. #94, which will generate fiscal and economic benefits for Whitecap and Saskatoon in the future. The commercial park is still in early planning stage, and expected benefits have not been incorporated into this assessment.*

- Hotel & Spa (scheduled to open in 2015)

Investment

Overall, the Dakota Dunes resort, including the high end residential development, the golf course (\$6 million), the casino (\$61 million) and the hotel and spa (\$25 million), represents a potential \$100 million in investment.⁸⁰

Economic Benefits to Whitecap I.R. #94 Residents

Employment benefits in this section are related to businesses supported by the proximity to the urban centre; therefore, the associated jobs are attributable to the urban nature of the reserve.

Employment Benefit: There are three large businesses operating on Whitecap I.R. #94, including the Dakota Dunes Casino, the Dakota Dunes Golf Links, and the Whitecap Trail Gas Bar & Confectionary. There are estimated to be over 650 to 675 jobs on Whitecap I.R. #94 currently.⁸¹ In addition, the Dakota Dunes Hotel & Spa, scheduled to open in 2015⁸², will create an additional 150 jobs.⁸³ In total, once the hotel is in operation, we estimate about 200 jobs will be held by Whitecap I.R. #94 residents.

Further, there are significant construction jobs associated with the hotel investment.

The unemployment rate among members on Whitecap I.R. #94 is around 4%, far below the national average for Status Indians living on reserve of 22%.⁸⁴

⁸⁰ *Dakota Dunes Plans \$25 million Expansion, David Hutton, The StarPhoenix* (<http://www2.canada.com/saskatoonstarphoenix/news/story.html?id=e7131465-4e8f-4b38-8deb-66c847f6b8f0>).

⁸¹ *A profile on Chief Darcy Bear on Whitecap's website* (<http://www.whitecapdakota.com/chief-council/chief-council-biographies/chief-darcy-bear>) states there are over 650 jobs on Whitecap I.R. #94. Based on information from Darrell Balkwill, there are about 650 to 675 jobs on Whitecap I.R. #94. The Dakota Dunes Casino website (http://www.dakotadunescasino.com/InfoPage.aspx?page_id=51) states the business alone has over 400 employees. This assessment is based on 650 jobs on Whitecap I.R. #94. We assume 25% of these 650 jobs are held by Whitecap I.R. #94 residents.

⁸² *The 159-room full service hotel will include a spa, pool, restaurant, and conference facilities. It will be located adjacent to the Casino and Golf Links. The hotel is scheduled to open in 2015.*

⁸³ *According to an Aug 2012 announcement from then Minister John Duncan and Chief Darcy Bear, entitled Harper Government Investment in Whitecap Dakota First Nation Development Project Will Create Jobs, Economic Prosperity* (<http://www.aadnc-aandc.gc.ca/eng/1344006625391/1344006667413>), the hotel and spa will create 150 jobs.

⁸⁴ *CBC News, First Nation enjoys economic turnaround, Jan 2012* (<http://www.cbc.ca/news/canada/saskatchewan/first-nation-enjoys-economic-turnaround-1.1247516>) and a profile on Chief Bear in a Pacific Business & Law Institute course registration form, *First Nation Taxation, Business Structuring and Corporate Governance from Sept 2013* (http://www.pbli.com/catalogues/99/first_nation_taxation_business_structuring_and_corporate_governance_-_brochure.pdf). Further, the AANDC Fact Sheet - 2011 National Household Survey Aboriginal Demographics, Educational Attainment and Labour Market Outcomes (<https://www.aadnc-aandc.gc.ca/eng/1376329205785/1376329233875>) reports the unemployment rate among working age Status Indians living on reserve to be 22%.

Fiscal Benefits to Whitecap Dakota First Nation

This section will focus only on those fiscal benefits associated with the urban nature of the reserve and the development noted.

Property Tax: Previously, the WDFN collected property taxes under s. 83 of the Indian Act. Then in Sept 2011, the WDFN joined the First Nations Fiscal Management Act. Now the WDFN collects property tax under the FNFMA. Whitecap's 2013 Expenditure Law shows budgeted property tax revenues of \$150,119.⁸⁵ However, as a significant portion of the investment on Whitecap I.R. #94 is through the WDC and its partners, property tax revenues alone are deceptively low. These businesses do pay the WDFN grants in lieu of property taxes. The 2013 Expenditure Law shows grants in lieu revenues of \$1.1 million. Combined property tax and grants in lieu revenue is about \$1.25 million annually. These revenues have contributed to the construction of a commercial water plant and a community water plant.

First Nations Goods and Services Tax: In June 2004, the WDFN began imposing a tax on the sale of tobacco products, fuel, and alcoholic beverages sold on Whitecap I.R. #94. The tax, which was similar to other FNT systems at the time, was called the Whitecap Community Improvement Fee.

In January 2009, the WDFN began collecting FNGST on the sale of all GST-applicable goods and services on Whitecap I.R. #94, replacing the FNT. Its name remains the Whitecap Community Improvement Fee.

Liquor Consumption Tax: In 2007, under the FNGST Act, the WDFN came to an agreement with the provincial government to impose a Liquor Consumption Tax. In Saskatchewan, the province imposes a 10% tax on the total selling price of beer, wine, and spirits.

Casino Revenue: The Gaming Framework Agreement between the Province of Saskatchewan and the Saskatchewan Indian Gaming Authority sets out the casino revenue sharing formula.

Economic Benefits to Saskatoon Residents and Regional Residents

Employment Benefit: The employment impact on Whitecap I.R. #94 is expected to be about 800 jobs, with the Hotel & Spa. Of these, we estimate 480 jobs are held by Saskatoon residents and 120 are held by other residents in the region.

⁸⁵ *Whitecap Dakota First Nation Annual Expenditure Law, 2013*
(http://sp.fng.ca/fngweb/372_expenditure_law_2013_fng.pdf).

Reserve Resident Spending Economic Benefits: We have estimated 200 jobs held by residents of Whitecap I.R. #94. If these employees earn \$41,200⁸⁶, on average, and we assume a 10% rate of savings, we estimate the economic benefit off reserve to be about \$6.7 million annually.⁸⁷

In our interview with Saskatoon's Director of Aboriginal Relations, Gilles Dorval, he stated that in his opinion, the economic benefits flowing to city residents is very well understood among the City's Mayor and Council and among the city government administration. He stated that both communities share in the benefits of economic activity on Whitecap I.R. #94. He specifically mentioned the benefits realized by the city from tourism activity at Whitecap's resort.

Fiscal Benefits to the City of Saskatoon

Service Agreement Fiscal Benefit: Whitecap I.R. #94 has its own commercial water plant and community water plant. But, the WDFN does have a service agreement with the City of Saskatoon for fire and protective services.

Employment Related Fiscal Benefit: The off-reserve tax base is larger owing to off reserve residents employed on Whitecap I.R. #94 at businesses supported by the proximity to the urban centre. Above we estimated this employment benefit to be about 600 jobs. If 75% own property off reserve and pay \$1,500 in property taxes, on average, the fiscal impact is over \$675,000 annually.

Factors for Success

In developing this section, we interviewed Darrell Balkwill, CEO, Whitecap Development Corporation. We also interviewed Gilles Dorval, Director of Aboriginal Relations at the City of Saskatoon.

Below are brief comments on each of the factors for success, as they relate to Whitecap's specific success and experience.

- 1) Developable land – Whitecap I.R. #94 is about 4,681 acres in size. Unlike other reserves in our study, it isn't located within or directly adjacent to municipal boundaries. Whitecap I.R. #94 is about 26 km south of the City. Yet the types of investments made on reserve by WDC and its partners are supported by their proximity to Saskatoon.

⁸⁶ This is the average earnings of all earners (not just full time full year earners) in Saskatchewan for 2011. Earnings refers to employment income and does not include other types of income or government transfers.

⁸⁷ We assume an off reserve rate of spending of 90%.

- 2) Infrastructure and services – Identified as one of the most important factors in Whitecap’s success. Due to the distance between Whitecap I.R. #94 and Saskatoon, the WDFN needed to make significant investments in infrastructure in order to attract the type of investment it has.
- 3) Own sources revenues – According to a CBC article from 2012, Whitecap’s annual budget is about \$25 million, with most of that revenue coming from the business portfolio.⁸⁸
- 4) Community support – Identified as one of the most important factors contributing to the benefits generated on Whitecap I.R. #94. The WDFN and the WDC are always seeking input from community members on potential opportunities.
- 5) Land management regime – Identified as one of the most important factors leading to the benefits realized by the WDFN and residents of Whitecap I.R. #94. Under the FNLMA, Whitecap approved its land code in Nov 2003, with a second generation land code ratified in 2010. Land management laws passed under the land code and the land tenure available under the land code have contributed to Whitecap’s ability to attract the level of investment it has.
- 6) Governance – Identified as one of the most important elements in Whitecap’s economic success. The WDFN is currently negotiating a self-government agreement with Canada. The claim was accepted in 2010, and the two governments are currently negotiating an Agreement in Principle.
- 7) Relationships with local governments – Both Darrell Balkwill and Gilles Dorval emphasized the cooperative relationship between the First Nation and the City. In our interview with Gilles Dorval, he stated that the City involves the WDFN in its activities as it would any other order of government. He spoke about formal relationships, such as the Saskatoon Regional Economic Development Authority (SREDA), where WDC’s CEO sits on the board.⁸⁹ He also spoke about the informal relationship between the City’s Mayor and Whitecap’s Chief as well as joint events attended by both the City’s Mayor and Council and Whitecap’s Chief and Council. Both the First Nation and the City recognize mutual economic and fiscal benefits flow from the successful development of Whitecap I.R. #94.
- 8) Financial management system – This was not specifically addressed in our interviews.
- 9) Land use planning – This was not specifically addressed in our interviews.

⁸⁸ CBC News, *First Nation enjoys economic turnaround*, Jan 25, 2012 (<http://www.cbc.ca/news/canada/saskatchewan/first-nation-enjoys-economic-turnaround-1.1247516>).

⁸⁹ SREDA works with the City of Saskatoon, the Province of Saskatchewan, surrounding communities and more than 200 private sector investors to build and grow the region’s economy. SREDA works to attract investment to the region, not just within the City of Saskatoon.

- 10) Partnerships – Identified as one of the most important factors in Whitecap’s success. In our interview with Darrell Balkwill, he stated a major part of Whitecap’s success is due to their partners.
- 11) Administrative capacity – This was not specifically addressed in our interviews.
- 12) Access to capital – This was not specifically addressed in our interviews.

Key Factors

This section briefly describes the top-ranked elements mentioned when we asked the interviewees about the key factors that most significantly contribute to the economic success of the First Nation and the adjacent local government.

Governance – Stable leadership was the first factor identified by Darrell Balkwill in our interview. He pointed out that Darcy Bear is currently serving his seventh consecutive term as Chief. Before being elected Chief in 1994, he served as a Councillor for three years. Darrell Balkwill stated that Whitecap’s success is partly attributable to the progressive nature of Chief Bear’s leadership. Governance also encompasses the mechanisms that separate politics from business decision making. In 1990, WDFN created the Whitecap Development Corporation. This separation allows the WDC to base investment decisions on profitability, rather than employment creation (as is the case in other communities). Darrell Balkwill points out that if a business isn’t profitable, those employment positions won’t be there for the long-term. This separation also allows the WDC to take a strategic, long-term approach to planning. This has also contributed to Whitecap’s success.

Partnerships – Partnerships are an integral part of Whitecap’s economic development strategy. The Dakota Dunes Golf Links and the Dakota Dunes Casino are both the result of partnerships. Darrell Balkwill noted that a major reason for Whitecap’s success is their partners. In a Canadian Business Journal article, Darrell Balkwill was quoted as saying, “So far, all of our investments have been in partnership. We have brought in other partners and that’s what we’d like to continue to see, more partnerships and more investments by outside groups and business development by outside groups. We are open for business.”⁹⁰

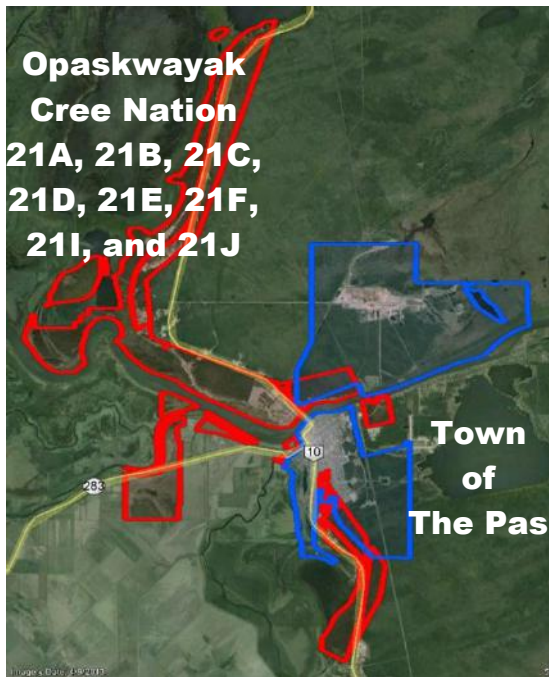
⁹⁰ *The Canadian Business Journal, Whitecap Development Corporation*
(http://www.cbj.ca/business_in_action/construction/whitecap_development_corporation_funds_investment_and_business_d.html).

Land Management – Under the FNLMA, Whitecap’s first land code was passed in 2003. A second generation land code was implemented in 2010. This second generation land code as developed in consultation with financial institutions and CMHC to enhance the security environment for lenders and further improve Whitecap’s investment climate. The land management regime established under the land code was described by Darrell Balkwill as a “huge piece” of Whitecap’s success. Whitecap is still developing the legal framework related to land management under the land code that is designed to facilitate and support investment. This includes the land tenure regime. Forty-nine year commercial and 99 year residential leasing instruments with renewal options provide the flexibility to meet the needs of potential investors. This framework also includes Whitecap’s development approval process. This law clearly spells out the rules for all potential investors, which lowers transaction costs and facilitates a greater level of investment.

Community Support – Community support and input were identified as important factors in Whitecap’s success. Darrell Balkwill noted throughout the planning and development process, the WDFN and the WDC went to many community meetings to inform community members about potential opportunities and seek their input. Darrell Balkwill noted the WDC is always seeking input from the community. Throughout the process votes and referendums were held when necessary. It is important for community members to support the economic strategy and development direction of the First Nation.

Infrastructure and Services – Whitecap I.R. #94’s location 26 km south of the City made it too costly to tie into Saskatoon’s infrastructure. But, the WDFN recognized the importance of infrastructure and services in raising the value of land and attracting investment. The WDFN has made investments in community water and sewer. But, the WDFN has also made significant investments in water and sewer infrastructure to support commercial development. In addition to water and sewer upgrades, Whitecap also made the necessary investments to expand natural gas, telecommunications and power infrastructure to support commercial development. Whitecap also invested about \$24 million in upgrades to Highway 219 to improve access and achieve the Whitecap Trail tourism corridor designation. All of these infrastructure investments were made to improve Whitecap’s ability to attract commercial investment.

Appendix D: Opaskwayak Cree Nation Background, Benefit Assessment, and Success Factors



This Google Earth image illustrates the proximity of selected Opaskwayak Cree Nation reserves⁹¹, called Opaskwayak Cree Nation 21A, 21B, 21C, 21D, 21E, 21F, 21I, and 21J (shown in red) to the Town of The Pas, MB (shown in blue).⁹²

Overview

Reserve

The OCN has 21 reserves, with a total land base of more than 38,000 acres.⁹³ The selected reserves adjacent to The Pas are about 8,000 acres in total size. Much of the boundaries of these reserves border the Town of The Pas and the Rural Municipality of Kelsey.

As of February 2014, the OCN has a registered population of 5,688, with 3,114 living on Opaskwayak lands.

⁹¹ The Opaskwayak Cree Nation holds 21 separate reserves, including Opaskwayak Cree Nation 21, 21A South, 21G, 21K, 21L, 21N, 21P, 27A, Egg Lake 1, Rocky Lake, Root Lake 231, Salt Channel 21D, and Root Lake Beach Ridge, which are not specifically part of this study.

⁹² All boundaries shown in this document are approximate.

⁹³ AANDC, First Nation Profiles (http://pse5-esd5.ainc-inac.gc.ca/fnp/Main/Search/FNReserves.aspx?BAND_NUMBER=315&lang=eng).

In 1999, the OCN signed its Treaty Land Entitlement Agreement.⁹⁴ The agreement sets out OCN's entitlement to an additional 56,068 acres of land to be set aside as reserve land. Under the agreement, OCN is able to purchase up to 8,410 acres of land (on a willing seller / willing buyer basis) to be added to reserve. As of March 2014, OCN has added 24,375 acres to its reserve land base.⁹⁵

Regional Background

The Pas has a population of 5,513, with 2,324 private dwellings and a land area of almost 12,000 acres.⁹⁶ The RM of Kelsey has a population of 2,272, with 981 private dwellings.⁹⁷

The region is composed of three communities, including the Town of The Pas, the Rural Municipality of Kelsey, and Opaskwayak Cree Nation. The region's economy is based on forestry, agriculture, service and transportation. Further, retail trade, wholesale trade, tourism and commercial fishing are other significant industries within the region.

Tolko Industries (Paper Division) is the primary employer in the area. The Pas Tolko operation includes a pulp and paper mill that manufactures unbleached kraft paper. The OCN is the second largest employer in the region. Since the 1960's, has pursued an economic strategy based on the development of its own commercial enterprises.

Benefit Assessment

The OCN created the Paskwayak Business Development Corp in 1987 to promote economic development for the Opaskwayak membership.⁹⁸ The PBDC owns, operates and / or administers a number of business ventures, including:

- The Otineka Mall, which has two anchor tenants, including The Pas IGA (100% owned by OCN) and the Atawawen Mart, as well as about 25 other retailers
- OCN Shell Gas Bar and Convenience Store
- The Kikiwak Inn

⁹⁴ Treaty Land Entitlement is a process intended to settle the land debt owed to those First Nations who did not receive all the land they were entitled to under historical treaties signed by the Crown and First Nations. Under TLE agreements, a specified amount of Crown land can be identified and / or a cash settlement can be provided. The cash payment may be used by the First Nation to purchase land (including federal crown, provincial crown, or private land) to settle the land debt. The vast majority of TLE claims are in Manitoba and Saskatchewan. In these two provinces, TLE framework agreements have been signed by the federal and provincial governments and many of the First Nations with valid TLE claims (called Entitlement First Nations, or EFNs).

⁹⁵ TLEC of Manitoba Update, Spring 2014 (<http://tlec.ca/wp-content/uploads/2014/03/TLEC-SPRING-2014-UPDATE-NEWSLETTER1.pdf>).

⁹⁶ Statistics Canada, Census Profile, 2011 Census.

⁹⁷ Statistics Canada, Census Profile, 2011 Census.

⁹⁸ The Paskwayak Business Development Corporation is a holding company wholly owned by the Opaskwayak Cree Nation.

- Redi-Mix Gravel & Sand Operations
- The Pas Food Town; and
- Bargain Shop (formerly Your Dollar Store with More)

In addition, the OCN partnered with five other Swampy Cree Tribal Council member First Nations on the Aseneskak Casino.

Investment

In 2013, the assessed value of residential property on all Opaskwayak lands was about \$699,000 and the assessed value of commercial property was about \$11.8 million. From this investment flows the economic and fiscal impacts estimated in the following sections.

Economic Benefits to Residents of Opaskwayak Lands

Employment benefits in this section are related to businesses supported by the proximity to the urban centre; therefore, the associated jobs are attributable to the urban nature of the reserve.

Employment Benefit: The total employment impact is estimated to be 529 jobs.⁹⁹ This includes an estimated 241 jobs through businesses owned by OCN or its subsidiaries or through PBDC or its subsidiaries and business ventures.¹⁰⁰ It also includes an estimated 288 jobs in the private sector jobs.¹⁰¹ We estimate the impact for residents of Opaskwayak lands is about 349 jobs.¹⁰²

Fiscal Benefits to Opaskwayak Cree Nation

This section will focus only on those fiscal benefits associated with the urban nature of the reserve and the development noted.

⁹⁹ This includes employment with OCN / PBDC owned, operated, and / or administered businesses. The public sector employment impact is estimated to be 231 jobs, based on the following. The OCN website provides employment data for a number of OCN / PBDC ventures, including The Otineka Mall (31), The Pas IGA (60), Kikiwak Inn (60), OCN Shell Gas Bar and Convenience Store (20), Bargain Shop (10), and The Pas Food Town (10). Assumed employment is 20 jobs for Redi-Mix Gravel & Sand Operations and 30 for the Aseneskak Casino. The private sector employment impact is associated with the private sector businesses in the mall (not owned, operated and / or administered by OCN / PBDC). The impact is estimated to be 288 jobs. Employment with Atawawen Mart is assumed to be 60 (the same as the IGA). The remaining private sector employment is with the 25 retailers in the mall. Using data from <http://www.statcan.gc.ca/daily-quotidien/140130/t140130a002-eng.htm> and <http://www.thecanadianencyclopedia.com/en/article/retail-trade/> we estimate the average retail outlet in Canada employs 9.1 people. If this is consistent with the 25 retailers in the mall, the impact is estimated to be about 228.

¹⁰⁰ We are including the estimated employment impact at the business that runs the Otineka Mall, the IGA, the Kikiwak Inn, the Shell Gas Bar and Convenience Store, the Redi-Mix operation, the Bargain Shop, the Food Town and the Aseneskak Casino.

¹⁰¹ We are including the estimated employment impact at the Atawawen Mart and the 25 other retailers in the mall.

¹⁰² We assume 85% of the jobs provided through businesses owned by OCN or its subsidiaries or through PBDC or its subsidiaries and business ventures and 50% of the private sector jobs are held by Opaskwayak reserve residents.

Property Tax Revenue: The OCN collects property taxes under s. 83 of the Indian Act.

Casino Revenues: The Aseneskak Casino is owned by a consortium with five other First Nations.¹⁰³ After a 10% allocation to the First Nations Trust, profits are shared equally among the six owner First Nations.

Economic Benefits to Citizens in the The Pas and Citizens of Kelsey

Employment Benefit: The total employment impact was estimated above to be about 529 jobs. This is broken into 241 jobs through businesses owned by OCN or its subsidiaries or through PBDC or its subsidiaries and business ventures and 288 jobs in the private sector. We estimate the impact to be about 139 jobs held by residents of The Pas and about 41 jobs held by residents of Kelsey.¹⁰⁴

Reserve Resident Spending Economic Benefits: We have estimated 349 jobs held by residents of Opaskwayak reserve lands. If these employees earn \$36,800¹⁰⁵, on average, and we assume a 10% rate of savings, we estimate the economic benefit off reserve to be about \$10.4 million annually.¹⁰⁶

Fiscal Benefits to the Town of The Pas and the Rural Municipality of Kelsey

Service Agreement Fiscal Benefit: OCN has a service agreement for fire protection and police service, and is currently negotiating a service agreement with The Pas for water, sewer, garbage collection and snow removal services.

Employment Related Fiscal Benefit: The off reserve tax base is larger owing to off reserve residents employed on Opaskwayak lands at businesses supported by the proximity to the urban centre. We estimate the off reserve employment impact to be 181 jobs.¹⁰⁷ If 75% of these off reserve residents own property, and pay \$1,500 in property taxes on average, the estimated fiscal benefit to the Town is \$130,000 annually and about \$32,000 annually to RM of Kelsey.

¹⁰³ Chemawawin Cree Nation, Misipawistik Cree Nation, Mosakahiken Cree Nation, Wuskwi Sipiik First Nation, and Sapotaweyak Cree Nation.

¹⁰⁴ We assume 10% of public sector jobs and 40% of the private sector jobs are held by The Pas residents and 5% of public sector jobs and 10% of private sector jobs are held by RM of Kelsey residents.

¹⁰⁵ This is the average earnings of all earners (not just full time full year earners) in Manitoba for 2011. Earnings refers to employment income and does not include other types of income or government transfers.

¹⁰⁶ We assume an off reserve rate of spending of 90%.

¹⁰⁷ For jobs through businesses owned by OCN or its subsidiaries or through PBDC or its subsidiaries and business ventures, we assume about 10% are held by residents of The Pas and about 5% are held by residents of Kelsey. For jobs in the private sector, we assume about 40% are held by residents of The Pas and about 10% are held by residents of Kelsey.

Factors for Success

In developing this section, we interviewed Councillor Lori Lathlin, TLE Coordinator, OCN. We also interviewed Randi Salamanowicz, CAO, Town of the Pas.

Below are brief comments on each of the factors for success, as they relate to Opaskwayak's specific success and experience.

- 1) Developable land – Opaskwayak reserves on the north shore of the Saskatchewan River are linked to the Town of The Pas by the Bignell Bridge. The OCN continues working towards adding developable land to its land base through the TLE process.
- 2) Infrastructure and services – Infrastructure and services were noted as among the most important factors contributing to the benefits being realized by OCN and those living on reserve.
- 3) Own sources revenues – Own source revenue streams were identified as the most significant factor contributing to the economic success of OCN. Lori Lathlin specifically noted the importance of gas tax, property tax, and gaming revenue to OCN.
- 4) Community support – This was not specifically addressed in our interviews.
- 5) Land management regime – An effective land management regime was identified among the most important factors contributing to the economic and fiscal benefits realized by OCN.
- 6) Governance – The separation of politics from business was identified as a critical factor for success. This is particularly important in Opaskwayak, as a significant amount of economic activity on Opaskwayak lands is through businesses owned or run by the OCN, its subsidiaries, or the Paskwayak Business Development Corporation (PBDC).
- 7) Relationships with local governments – In our interview with Randi Salamanowicz, she noted no formal relationships but did say the Town, the RM of Kelsey and the OCN meet to discuss matters of mutual concern. She stated that, in her opinion, the Town government acknowledges the mutual benefits from the close relationship. In fact, she said the Town is fortunate to be adjacent to such an economically successful First Nation community, as Opaskwayak provides a number of employment opportunities to Town citizens as well as drawing tourist activity to the region.
- 8) Financial management system – This was not specifically addressed in our interviews.

- 9) Land use planning – The OCN and The Pas are participating in a joint community economic development planning pilot project from the Federation of Canadian Municipalities and the Council for the Advancement of Native Development Officers.¹⁰⁸ The 3-year initiative aims to improve the economic prosperity of participating municipalities and adjacent First Nations through joint community economic development planning. Randi Salamanowicz also stated that in the past both governments have tried to meet periodically to discuss development and planning issues.
- 10) Partnerships – This was not specifically addressed in our interviews.
- 11) Administrative capacity – This was not specifically addressed in our interviews.
- 12) Access to capital – This was not specifically addressed in our interviews.

Key Factors

This section briefly describes the top-ranked elements mentioned when we asked the interviewees about the key factors that most significantly contribute to the economic success of the First Nation and the adjacent local government.

Own Source Revenues – Own source revenue streams were identified as the most significant factor contributing to the economic success of OCN. Lori Lathlin specifically noted the importance of gas tax, property tax, and gaming revenue to OCN.

Infrastructure and Services – Infrastructure and services were noted as among the most important factors contributing to the benefits being realized by OCN and those living on reserve. In our interview with Lori Lathlin, she noted a number of retail operations on the reserve. Quality local services contribute to OCN's ability to attract this type of investment onto the reserve. Lori Lathlin also noted that Opaskwayak is a rapidly expanding community, and the need for additional housing. She pointed out the importance of infrastructure and upgrades to support the construction of new housing units as well as other development on reserve.

Relationship with Local Government – The cooperative relationship between Opaskwayak, The Pas and RM of Kelsey was identified by both Lori Lathlin and Randi Salamanowicz as an important element contributing to the economic and fiscal benefits being generated. The three governments meet to discuss matters of mutual concern, and there is a general appreciation of the mutual benefits they share as a result of Opaskwayak's success.

¹⁰⁸ *First Nations – Municipal Community Economic Development Initiative, Federation of Canadian Municipalities* (<http://www.fcm.ca/home/programs/community-economic-development-initiative/about-the-program.htm>).

Land Management Regime – The land management regime was identified among the most important factors contributing to the economic and fiscal benefits realized by OCN. In our interview with Lori Lathlin, she described OCN’s land management regime as very effective. Opaskwayak is an FNLMA operational First Nation with its own land code, which has been in effect since 2002. Through its land code, and land related laws passed under it, OCN ensures effective management of Opaskwayak lands. This quality of land management contributes to OCN’s ability to attract investment, and subsequently realize fiscal and economic benefits from that investment.

Governance – A significant amount of economic activity on Opaskwayak lands is through businesses owned or run by the OCN, its subsidiaries, or the PBDC. Lori Lathlin identified the separation of politics from business decision making processes as a critical factor in the success of OCN. She attributed this to the separation of Chief and Council from OCN’s business development arm, the PBDC with an independent board.

Appendix E: Innu Takuaikan Uashat Mak Mani-Utenam Background, Benefit Assessment, and Success Factors



This Google Earth image shows the Innu Takuaikan Uashat Mak Mani-Utenam’s two reserves, called Uashat I.R. #27 and Maliotenam I.R. #27A (shown in red), within the City of Sept-Îles, QC (shown in blue).¹⁰⁹

Overview

Reserve

As of February 2014, the ITUM has a registered population of 4,311, with 3,288 living on ITUM reserves.¹¹⁰

Uashat I.R. #27 is about 532 acres in size. The total population of Uashat I.R. #27 is 1,485 with 438 private dwellings.¹¹¹ Maliotenam I.R. #27A is about 1,302 acres in size. 2011 Census data shows that Maliotenam I.R. #27A has a total population of 1,316, with 445 private dwellings.¹¹²

¹⁰⁹ All boundaries shown in this document are approximate.

¹¹⁰ AANDC, *First Nation Profiles* (http://pse5-esd5.ainc-inac.gc.ca/FNP/Main/Search/FNRegPopulation.aspx?BAND_NUMBER=80&lang=eng).

¹¹¹ Statistics Canada, *Census Profile, 2011 Census*.

¹¹² Statistics Canada, *Census Profile, 2011 Census*. The combined total population of Uashat I.R. #27 and Maliotenam I.R. #27A, based on Census data, is reported to be 2,801. This is lower than AANDC data for just ITUM members living on reserve. We assume this is the result of under-reporting. We assume the total population of the reserve is at least 3,288, the registered members living on reserve. We only included this information to be consistent with the information presented in other appendices.

Uashat I.R. #27 is located to the west of Sept-Îles along the shoreline of the Gulf of St. Lawrence. Maliotenam I.R. #27A is located approximately 16 km east of Sept-Îles near the mouth of the Moisie River.

Regional Background

Uashat I.R. #27 and Maliotenam I.R. #27A are both located adjacent to the City of Sept-Îles. With a population of approximately 25,700¹¹³, Sept-Îles is located in the Sept-Rivières regional county municipality within the Côte-Nord region.

Sept-Îles is an important gateway to the Gulf of St. Lawrence. The most prominent industry sectors by employment include retail trade, health care and social assistance, commercial services, and manufacturing.¹¹⁴ Traditionally, the economy of Sept-Îles was based on fishing. Although not as prominent as it once was the fishing industry in Sept-Îles remains significant, accounting for the highest volume of annual catches among communities in the Côte-Nord region.

The services sector has now taken over as the largest industry sector in Sept-Îles.¹¹⁵ Approximately 11,000 people are employed in this industry, primarily in retail trade. As a result of being one of the northernmost communities with paved access to much of Quebec's road networks, Sept-Îles has developed as an important service center within the region. Manufacturing is also prominent in the area and is buoyed by Aluminerie Alouette which employs almost 1,000 people to operate its aluminum smelter.

One of the principal industries in the Côte-Nord region is mining; primarily iron ore, titanium and graphite extraction. The main employers in the industry include Iron Ore Company of Canada and Cliffs Resources (Wabush). The industry is currently going through a period of expansion in order to better serve markets in Europe and Asia with mineral resources.

¹¹³ Statistics Canada, *Census Profile, 2011 Census*.

¹¹⁴ *Socio-Economic Baseline Study, Stantec, Alderon iron Ore Corporation* (<http://www.acee-ceaa.gc.ca/050/documents/p64575/81793E.pdf>).

¹¹⁵ *Socio-Economic Baseline Study, Stantec, Alderon iron Ore Corporation* (<http://www.acee-ceaa.gc.ca/050/documents/p64575/81793E.pdf>).

Benefit Assessment

There are 22 corporations operating on ITUM reserve lands related to the council, including 18 businesses owned by ITUM and 4 subsidiaries. In addition, there are about 28 businesses operating on ITUM reserve lands that are owned by ITUM members and supported by the proximity to the urban centre. These businesses are in the areas of forestry, fishing, trapping, transportation, construction, and outfitting.¹¹⁶

In addition, ITUM owns a shopping centre, Les Galeries Montagnaises, which was built in 1976. The shopping centre spans 285,000 square feet and consists of about 42 businesses on Uashat I.R. #27.

The ITUM owned company that operates the shopping centre is also responsible for the management of the real estate portfolio. The real estate portfolio includes a 35,000 sq ft supermarket, a retail complex consisting of two retail stores and a restaurant, a 30,000 sq ft indoor tennis centre (which will be transformed into a multi-functional education centre), as well as a 60-room hotel complex which is scheduled to open in 2014 or 2015.

Investment

The original investment in 1976 to develop the shopping centre was about \$9 million. Recently, an investment of more than \$5 million has been made on renovations and upgrades.¹¹⁷ There is also a significant investment to develop the 50 forestry, fishing, trapping, transportation, construction and outfitting businesses which appear to be ITUM owned or member owned. This investment generates the economic and fiscal impacts discussed in the next sections.

Economic Benefits to Residents of Uashat I.R. #27 and Maliotenam I.R. #27A

Employment benefits in this section are related to businesses supported by the proximity to the urban centre; therefore, the associated jobs are attributable to the urban nature of the reserve.

¹¹⁶ Socio-Economic Baseline Study, Stantec, Alderon iron Ore Corporation (<http://www.acee-ceaa.gc.ca/050/documents/p64575/81793E.pdf>).

¹¹⁷ Il y a 37 ans naissaient les Galeries, Le Nord-Est, Feb 2014 (http://virtuel.nordest.canoe.ca/doc/hebdo_nord-est/20140226_nordest_opt/2014022401/31.html#30).

Employment Benefit: The 18 band owned business and the four subsidiaries provide approximately 267 full-time and about 600 seasonal jobs.¹¹⁸ The 28 member owned businesses provide an estimated 84 jobs.¹¹⁹ Of these 951 jobs, we estimate about 298 full-time and about 510 seasonal jobs are held by residents of Uashat I.R. #27 and Maliotenam I.R. #27A.¹²⁰

The employment impact of the 42 businesses in the shopping centre is estimated to be about 677 jobs¹²¹, with about 50 jobs held by Uashat I.R. #27 and Maliotenam I.R. #27A residents.¹²²

The employment impact of the six businesses within the real estate portfolio (restaurant, two retail stores, supermarket, education centre, and hotel) is estimated to be about 156 jobs,¹²³ with about 23 held by residents of Uashat I.R. #27 and Maliotenam I.R. #27A.¹²⁴

In total, we estimate the employment impact of the investment on ITUM reserves noted above to be about 882 jobs held by reserve residents.

In 2011, the unemployment rate among the Aboriginal identity population (aged 15 years and over) living on Uashat I.R. #27 is 21.7%¹²⁵ and living on Maliotenam I.R. #27A is 24.5%¹²⁶.

¹¹⁸ Innu TakuaiKAN Uashat Mak Mani-Utenam website, Join Team On ITUM! (<http://www.itum.qc.ca/page.php?rubrique=emplois>).

¹¹⁹ We assume the 28 member owned businesses provide three jobs, on average.

¹²⁰ We assume about 15% of jobs are held by residents of Sept-Îles and about 85% are held by residents of ITUM reserves.

¹²¹ We assume there are 200 jobs at the WalMart. Further, we assume five fast food restaurants with 25.2 jobs on average, six women's clothing stores with 12.7 jobs on average, two men's clothing stores with 10.3 jobs on average, one infant clothing store with 8 jobs, and 27 other general retail stores with 9.1 employees on average.

¹²² Based on information from Ricky Fontaine, Directeur Général, ITUM.

¹²³ We assume there are 10 jobs at the restaurant (based on IBIS world data for full service restaurants, NAICS 72211), 18.2 jobs at the retail stores (based on average retail data for all of Canada), 74.1 jobs at the supermarket (based on IBIS world data for supermarkets and grocery stores, NAICS 44511), 20 jobs at the multi-function education centre, and 33.9 jobs at the 60-room hotel (based on IBIS World employment data for average hotels and motels in Canada, NAICS 72111).

¹²⁴ We assume about 15% of jobs are held by residents of Sept-Îles and about 85% are held by residents of ITUM reserves.

¹²⁵ NHS Aboriginal Population Profile, Uashat, IRI, Quebec, 2011 (<http://www12.statcan.gc.ca/nhs-enm/2011/dp-dp/aprof/details/page.cfm?Lang=E&Geo1=CSD&Code1=2497802&Data=Count&SearchText=Uashat&SearchType=Begins&SearchPR=01&A1=All&B1=All&GeoLevel=PR&GeoCode=2497802&TABID=1>).

¹²⁶ NHS Aboriginal Population Profile, Uashat, IRI, Quebec, 2011 (<http://www12.statcan.gc.ca/nhs-enm/2011/dp-dp/aprof/details/page.cfm?Lang=E&Geo1=CSD&Code1=2497802&Data=Count&SearchText=Uashat&SearchType=Begins&SearchPR=01&A1=All&B1=All&GeoLevel=PR&GeoCode=2497802&TABID=1>).

Fiscal Benefits to ITUM

This section will focus only on those fiscal benefits associated with the urban nature of the reserve and the development noted.

Property Tax: The ITUM collects property tax under s. 83 of the Indian Act. They have passed annual tax rate bylaws from 1998 to 2013.¹²⁷ Annual property tax revenues are about \$1 million.¹²⁸

User Fees: ITUM also collects user fees for water, sewer and garbage collection from service recipients not on the tax roll.

Lease Revenue: ITUM collects two types of lease revenue. One is tied to the land base associated with the businesses operating on their reserves. The other is rent collected for the occupation of real estate owned by the community.

Corporate Revenue: ITUM's subsidiaries earn revenues of about \$10 to \$15 million annually.

Service Agreement Fiscal Benefit: ITUM is the sole source provider for residential, commercial and industrial garbage collection for the City of Sept-Îles.

Economic Benefits to Residents of Sept-Îles

Employment Benefit: The 18 band owned business and the four subsidiaries provide approximately 267 full-time and about 600 seasonal jobs.¹²⁹ The 28 member owned businesses provide an estimated 84 jobs.¹³⁰ Of these 951 jobs, we estimate that about 53 are full-time and about are 90 seasonal.¹³¹

The employment impact of the 42 businesses in the shopping centre is estimated to be about 677 jobs¹³², with about 627 jobs are held by residents of Sept-Îles.

¹²⁷ First Nations Gazette (<http://sp.fng.ca/Pages/searchFN.aspx>).

¹²⁸ Based on information from Ricky Fontaine, Directeur Général, ITUM. He also noted that the tax base is expanding and commercial and industrial development is planned for land that has been recently added to the reserve.

¹²⁹ Innu TakuaiKAN Uashat Mak Mani-Utenam website, Join Team On ITUM! (<http://www.itum.qc.ca/page.php?rubrique=emplois>).

¹³⁰ We assume the 28 member owned businesses provide three jobs, on average.

¹³¹ We assume about 15% of jobs are held by residents of Sept-Îles and about 85% are held by residents of ITUM reserves.

¹³² We assume there are 200 jobs at the WalMart. Further, we assume five fast food restaurants with 25.2 jobs on average, six women's clothing stores with 12.7 jobs on average, two men's clothing stores with 10.3 jobs on average, one infant clothing store with 8 jobs, and 27 other general retail stores with 9.1 employees on average.

The employment impact of the six businesses within the real estate portfolio (restaurant, two retail stores, supermarket, education centre, and hotel) is estimated to be about 156 jobs,¹³³ with about 133 jobs held by residents of Sept-Îles.¹³⁴

In total, we estimate the employment impact of the investment on ITUM reserves noted above to be about 902 jobs held by Sept-Îles residents.

Reserve Resident Spending Economic Benefits: Above, we estimated the employment impact of the 18 band owned business, the four ITUM subsidiaries, and the 28 member owned businesses to be about 298 full-time and about 510 seasonal jobs held by residents of Uashat I.R. #27 and Maliotenam I.R. #27A. If the full-time employees earn \$36,700¹³⁵, on average, and if seasonal employees earn 65% of this, on average, and we assume a 10% rate of savings, we estimate the economic benefit off reserve to be about \$18.7 million annually.¹³⁶

Further, we estimated the employment impact of the shopping centre and real estate portfolio to be about 73 jobs for residents of Uashat I.R. #27 and Maliotenam I.R. #27A. If, on average, these employees earn \$36,700 annually, and we assume a 10% rate of savings, we estimate the economic benefit off reserve to be about \$2.2 million.¹³⁷

Fiscal Benefits to the City of Sept-Îles

Service Agreement Fiscal Benefit: ITUM has a service agreement with Sept-Îles for the provision of services including water, sewer, land fill and fire protection. ITUM also has an agreement in place with two levels of government for the provision of public security.¹³⁸

Employment Related Fiscal Benefit: The off reserve tax base is larger owing to off reserve residents on ITUM lands at businesses supported by the proximity to the urban centre. Above we estimated this employment benefit to be about 902 jobs. If 75% own property off reserve and pay \$1,500 in property taxes, on average, the fiscal impact is about \$1 million annually.

¹³³ We assume there are 10 jobs at the restaurant (based on IBIS world data for full service restaurants, NAICS 72211), 18.2 jobs at the retail stores (based on average retail data for all of Canada), 74.1 jobs at the supermarket (based on IBIS world data for supermarkets and grocery stores, NAICS 44511), 20 jobs at the multi-function education centre, and 33.9 jobs at the 60-room hotel (based on IBIS World employment data for average hotels and motels in Canada, NAICS 72111).

¹³⁴ We assume 85% of the employment impact flows to residents of Sept-Îles.

¹³⁵ This is the average earnings of all earners (not just full time full year earners) in Quebec for 2011. Earnings refers to employment income and does not include other types of income or government transfers.

¹³⁶ We assume an off reserve rate of spending of 90%.

¹³⁷ We assume an off reserve rate of spending of 90%.

¹³⁸ Sécurité Publique de Uashat mak Mani-Utenam (http://www.itum.qc.ca/page.php?rubrique=sc_securitepublique).

Factors for Success

In developing this section, we interviewed Ricky Fontaine, Directeur Général, **Innu Takuaikan Uashat mak Mani-utenam**. Below are brief comments on each of the factors for success, as they relate to **Uashat mak Mani-utenam**'s specific success and experience.

- 1) Developable land – ITUM's economic strategy seems to focus on resource development (IBAs with mining companies), rather than land development to capitalize on its location advantage (i.e. proximity to Sept-Iles markets). Ricky Fontaine feels ITUM's developable land base is limited, and would not identify this as a factor in the success ITUM has had.
- 2) Infrastructure and services – Identified as an important factor in the current real estate development.
- 3) Own sources revenues – ITUM's approach to own source revenues seems to be focused on mining IBAs. Ricky Fontaine noted these revenue streams fluctuate with market prices for resources.
- 4) Community support – ITUM has had a difficult time building community support for the economic strategy and Ricky Fontaine would not identify this as a factor contributing to the success ITUM has realized.
- 5) Land management regime – Identified as one of the elements that, if improved, would increase ITUM's ability to capitalize on a greater number of potential development opportunities.
- 6) Governance – Identified as one of the elements that, if improved, would increase ITUM's ability to capitalize on a greater number of potential development opportunities.
- 7) Relationships with local governments – Identified as one of the elements that, if improved, would increase ITUM's ability to capitalize on a greater number of potential development opportunities.
- 8) Financial management system – Identified as one of the elements that, if improved, would increase ITUM's ability to capitalize on a greater number of potential development opportunities.
- 9) Land use planning – Currently, ITUM and Sept-Îles have only very limited planning discussions. Improvements to the relationship and an increase in joint planning activities could increase both governments' ability to capitalize on development opportunities. Sept-Iles' new mayor, Réjean Porlier, has indicated his desire to work towards a better relationship and working closer with ITUM.
- 10) Partnerships – This was not specifically addressed in our interviews.

11) Administrative capacity – This was not specifically addressed in our interviews.

12) Access to capital – This was not specifically addressed in our interviews.

Key Factors

This section briefly describes the top-ranked elements mentioned when we asked the interviewees about the key factors that most significantly contribute to the economic success of the First Nation and the adjacent local government.

Infrastructure and Services – Investment in water and sewer infrastructure was an important element in ITUM’s ability to attract investors to its current development project, which includes the supermarket, retail complex, restaurant, education centre, and hotel complex.

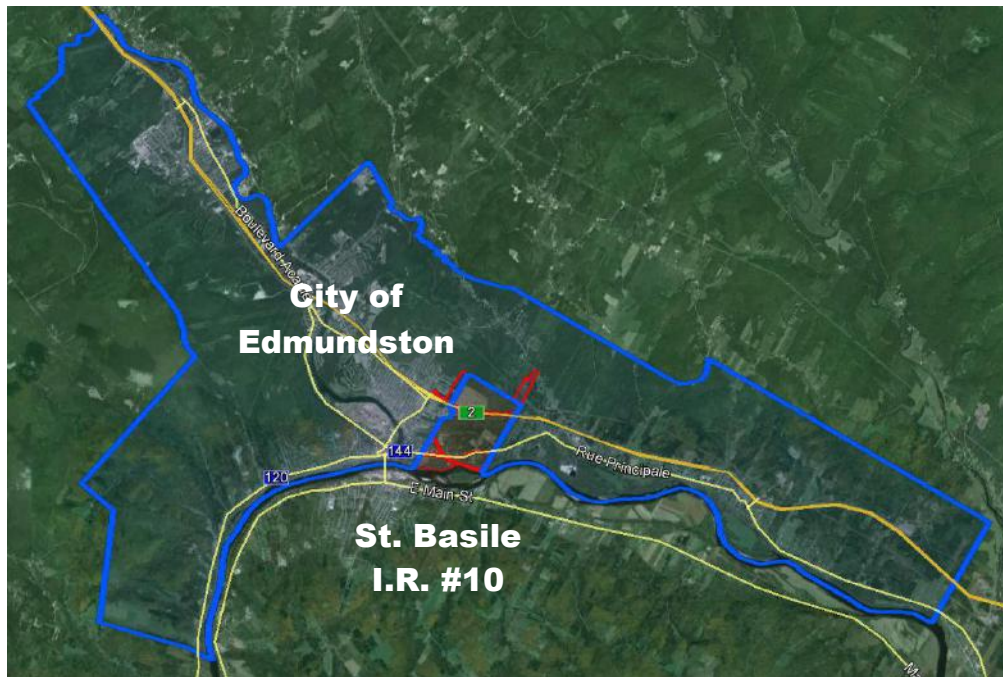
Land Management Regime – A land designation under the Indian Act was required to support the current real estate development. This is an important factor contributing to the economic and fiscal benefits realized. ITUM is currently trying to join the FNLMA. The land management powers under this act will improve ITUM’s ability to attract investment and realize economic and fiscal benefits from that investment.

Governance – Improving the separation of government administration and politics will lead to improved investor confidence, enhance the ability of ITUM to attract investment onto the reserves, and ultimately lead to the realization of greater benefits from investment. In fact, the current council was elected, in part, based on campaign messages about improving governance.

Relationships with Local Government – If the relationship with Sept-Îles were improved, including joint planning activities, both ITUM and Sept-Îles could share in greater mutual economic and fiscal benefits.

Financial Management System – If ITUM’s financial management system were improved, it could increase ITUM’s ability to participate in greater development opportunities. Improving the accountability and transparency of the financial management system will lead to increased confidence among potential development partners. To this end, ITUM has recently taken steps to improve financial accountability and transparency.

Appendix F: Madawaska Maliseet First Nation Background, Benefit Assessment, and Success Factors



This Google Earth image shows the Madawaska Maliseet First Nation's main reserve¹³⁹, called St. Basile I.R. #10 (shown in red) and the City of Edmundston, NB (shown in blue).¹⁴⁰

Overview

Reserve

St. Basile I.R. #10 is about 840 acres in size.¹⁴¹ As of February 2014, the MMFN has a registered population of 351, with 155 living on Madawaska lands.¹⁴² The total population of St. Basile I.R. #10 is about 205, with 89 private dwelling units.¹⁴³ The implied non-member population is about 50.

¹³⁹ The Madawaska Maliseet First Nation also holds The Brothers 18, which is not specifically part of this study.

¹⁴⁰ All boundaries shown in this document are approximate.

¹⁴¹ AANDC, First Nation Profiles (http://pse5-esd5.ainc-inac.gc.ca/fnp/Main/Search/FNReserves.aspx?BAND_NUMBER=6&lang=eng).

¹⁴² AANDC, First Nation Profiles (http://pse5-esd5.ainc-inac.gc.ca/fnp/Main/Search/FNRegPopulation.aspx?BAND_NUMBER=6&lang=eng).

¹⁴³ Statistics Canada, Census Profile, 2011 Census.

Regional Background

St. Basile I.R. #10 is located at the edge of the New Brunswick panhandle, at the junction of the Saint John River and the Madawaska River, in the northwestern section of the province. The reserve is on the Canada-U.S. border, at the gateway to the Atlantic provinces.

The reserve is just east of the Municipality of Edmundston. The population of Edmundston is 16,203.¹⁴⁴

Benefit Assessment

The MMFN's economic development corporation's primary project is the Grey Rock Power Centre. The 70 acre commercial centre on the Trans-Canada Highway officially opened in May 2013. According to provincial transportation data, about 6,000 vehicles travel the highway each day.¹⁴⁵ And about 30% of those vehicles are transport trucks. The site is strategically located on the highway, and the MMFN and the Madawaska Maliseet Economic Development Corporation (MMEDC) are looking to capitalize on that advantageous location.

The Grey Rock Entertainment Centre, located in the Grey Rock Power Centre, is set to open in late fall 2014.

The benefit assessment presented here is based on the potential the Grey Rock Power Centre represents (once completed and fully occupied).¹⁴⁶

Investment

The establishment of the Grey Rock Power Centre and its first tenant, the Edmundston Truck Stop (including the gas bar, the restaurant, and the variety store), represent about \$13 million in investment on St. Basile I.R. #10.¹⁴⁷ The Grey Rock Entertainment Centre also represents significant investment on reserve. This investment leads to the benefits described in the following sections.

Economic Benefits to St. Basile I.R. #10 Residents

Employment benefits in this section are related to businesses supported by the proximity to the urban centre; therefore, the associated jobs are attributable to the urban nature of the reserve.

¹⁴⁴ Statistics Canada, *Census Profile, 2011 Census*.

¹⁴⁵ *Multi-million dollar Grey Rock Power Centre becomes a reality for Madawaska Maliseet First Nation, Joint Economic Development Initiative*, <http://www.jedinb.ca/madawaska-maliseet-first-nation.html>

¹⁴⁶ *There will also be an employment impact related to the construction of the commercial buildings at the Power Centre, including the Entertainment Centre. However, these construction jobs are not part of this assessment.*

¹⁴⁷ *Grand Opening at Grey Rock Power Centre, Government of New Brunswick, Aboriginal Affairs, News Release* (http://www2.gnb.ca/content/gnb/en/departments/aboriginal_affairs/news/news_release.2013.05.0464.html).

Employment Benefit: Currently, there are two tenants operating in the Grey Rock Power Centre, including the Shell Gas 24-hour truck stop (with convenience store, laundry facilities and car wash) and the 75-seat Le Pirate de la Mer Restaurant. But, an estimated 25 retail and hospitality businesses will eventually operate out of the Grey Rock Power Centre once completed. This is expected to include big box retailers, and a hotel and entertainment centre. The Grey Rock Power Centre is expected to create 300-400 jobs.¹⁴⁸ We estimate about 53 of those jobs will be held by St. Basile I.R. #10 residents.¹⁴⁹

The unemployment rate among MMFN membership is about 3%.¹⁵⁰

Fiscal Benefits to the Madawaska Maliseet First Nation

This section will focus only on those fiscal benefits associated with the urban nature of the reserve and the development noted.

In Madawaska, the First Nation government benefits from tax revenues and the economic development corporation benefits from leasing revenues.

Sales Tax Revenues: The MMFN has an agreement with New Brunswick to share in the provincial sales tax revenues collected from its lands. Under this agreement, the Province transfers 95% of the provincial portion of the HST revenue collected at the point of sale on Madawaska Maliseet lands. Potentially, the MMFN could collect over \$4 million annually once the Grey Rock Power Centre is completed.¹⁵¹ The MMFN received about \$2 million in sales tax revenue from the Shell truck stop's first full year in operation.¹⁵²

Tobacco and Fuel Tax Revenues: Under an agreement with the Province, the MMFN receives 95% of the gasoline and motive fuel tax collected on reserve. In New Brunswick, the motive fuel tax (i.e. diesel tax) is 19.2 cents per litre.¹⁵³ The MMFN also has a tobacco tax agreement with the Province. Tobacco tax in New Brunswick is \$38.00 per carton.¹⁵⁴

¹⁴⁸ An employment training article, *Launch of New College Program to Provide Training for Local Jobs at the Madawaska Maliseet First Nation's Entertainment Centre*, <http://www.newswire.ca/en/story/1320417/launch-of-new-college-program-to-provide-training-for-local-jobs-at-the-madawaska-maliseet-first-nation-s-entertainment-centre> states an estimated 300 jobs will be created over the next three years. Based on information from Joanna Bernard, CEO, MMEDC, that number could be up to 400. We've used 350 jobs in the estimates presented here.

¹⁴⁹ Based on information from Joanna Bernard, CEO, MMEDC, we assume 15% of the estimated employment impact will benefit residents of St. Basile I.R. #10.

¹⁵⁰ Based on information from Joanna Bernard, CEO, MMEDC.

¹⁵¹ This estimate is based on previous work we did for MMFN using a range of NAICS categories associated with highway commercial parks and sales revenue data from Industry Canada.

¹⁵² Based on information from Joanna Bernard, CEO, MMEDC.

¹⁵³ New Brunswick Finance, *Gasoline & Motive Fuel Tax – A basic overview of gasoline and motive fuel taxes and exemptions* (http://www2.gnb.ca/content/gnb/en/departments/finance/taxes/gasoline_motive_fueltax.html).

¹⁵⁴ New Brunswick Finance, *Notice to all Tobacco Wholesalers, Tobacco Tax Increase* (http://www2.gnb.ca/content/dam/gnb/Departments/fin/pdf/Taxes-Impots/2013-03-20_TTN0164_Tobacco_Tax_Increase_Notice_Wholesalers_B%20_%20Including_Cigars.pdf).

Land Lease Revenues: The MMEDC collects rent (land leasing revenue) from the tenants at the Power Centre. The site went through the designation process for commercial leasing, and the MMFN uses 99-year leases.

Economic Benefits to Citizens of Edmundston

Employment Benefit: At full capacity, the Grey Rock Power Centre is expected to create about 350 jobs, as previously stated. We estimate about 297 of those jobs will be held by Edmundston residents.¹⁵⁵

Reserve Resident Spending Economic Benefits: We have estimated 53 jobs held by residents of St. Basile I.R. #10. If these employees earn \$33,900¹⁵⁶, on average, and we assume a 10% rate of savings, we estimate the economic benefit off reserve to be about \$1.4 million annually.¹⁵⁷

In our interview with Edmundston's Mayor, Cyrille Simard, he stated that in his opinion, the economic benefits flowing off reserve to city residents is very well understood among the City's political leadership and among the government administration. He noted this was part of his campaign messaging in 2012 when he was elected Mayor. Mayor Simard also stated the city realizes a direct economic impact¹⁵⁸ from development on reserve and the simple fact is both communities share in the benefits of regional growth.

Fiscal Benefits to the City of Edmundston

Service Agreement: The MMFN has a water and sewer agreement with the City of Edmundston for the Grey Rock Power Centre. In the process of planning for the Power Centre, the MMFN contributed about \$400,000 to the construction of needed pump station in Edmundston, with the understanding that tenants at the Power Centre would receive the same level of service as commercial tenants in Edmundston at the same rates. The City collects fees directly from the on reserve tenants. The MMFN specified the structure so that the City, not the First Nation, is responsible for billing, collecting and enforcement.¹⁵⁹

Employment Related Fiscal Impact: The off reserve tax base will be larger owing to off reserve residents employed with businesses that will be operating on St. Basile I.R. #10 supported by the proximity to the urban centre. We've estimated the off reserve employment impact to be about 297 jobs. If 75% of the people holding these jobs own property off reserve and pay \$1,500 in property taxes on average, the potential fiscal impact will be about \$335,000 annually for the City of Edmundston.

¹⁵⁵ We assume 85% of the estimated employment impact will benefit residents of Edmundston.

¹⁵⁶ This is the average earnings of all earners (not just full time full year earners) in New Brunswick for 2011. Earnings refers to employment income and does not include other types of income or government transfers.

¹⁵⁷ We assume an off reserve rate of spending of 90%.

¹⁵⁸ Mayor Simard estimates about 85% of Grey Rock's contracts so far have gone to Edmundston-based companies.

¹⁵⁹ Based on information from Joanna Bernard, CEO, MMEDC.

Factors for Success

In developing this section, we interviewed Joanna Bernard, the Chief of MMFN for 10 years. She is the primary person responsible for the Grey Rock Power Centre. In 2013, she left her role as Chief to become the CEO of the Madawaska Maliseet Economic Development Corporation. We also interviewed Cyrille Simard, the City of Edmundston's Mayor.

Below are brief comments on each of the factors for success, as they relate to Madawaska's specific success and experience.

- 1) Developable land – Truck traffic patterns and the lack of options in the region make Madawaska's 70-acre site on the Trans-Canada Highway very attractive for highway commercial development.
- 2) Infrastructure and services – The construction of off / on ramps were critical to access the Power Centre site. A service agreement with Edmundston provides for the same level of services at the same rates as off reserve.
- 3) Own sources revenues – The MMFN's sales tax agreement with New Brunswick was identified as a key factor in their success. The diesel tax and tobacco tax agreements were also noted as important.
- 4) Community support – Community support was identified as an important in Madawaska's economic success by both Joanna Bernard and Mayor Simard. Joanna Bernard noted that without the community's support, the designation / referendum process would have failed. Mayor Simard noted the strong support among Madawaska Maliseet community members was a result of a clear message of sustainability. In his opinion, the benefits (throughout the region) of the planned Power Centre project were obvious to community members, and that is why support was so strong.
- 5) Land management regime – Secure, long-term land tenure was identified as an important factor for success. The 99-year lease gives investors the confidence they need to develop on St. Basile I.R. #10.
- 6) Governance – The separation of business and politics was identified as absolutely critical factor for success. Joanna Bernard described to us the process she was required to go through to remove herself from the political sphere in order to assume the role of CEO of the development corporation. This separation is further solidified through the division of fiscal benefits, with taxation revenues accruing to the MMFN government and land leasing revenues accruing to the MMEDC.

- 7) Relationships with local governments – Although no formal agreements were noted, a cooperative relationship and regular meetings occurred between MMFN and Edmundston. This was identified by both Joanna Bernard and Mayor Simard as an important factor in Madawaska’s success. In our interview with Mayor Simard, he noted that communication, and as a result the relationship, strengthened over the Power Centre’s planning period.
- 8) Financial management system – This was not specifically identified as one of the most important factors. But, the importance of “open books” was mentioned.
- 9) Land use planning – The MMFN and Edmundston are participating in a joint community economic development planning project from the Federation of Canadian Municipalities and the Council for the Advancement of Native Development Officers.¹⁶⁰ The 3-year initiative aims to improve the economic prosperity of participating municipalities and adjacent First Nations through joint community economic development planning.
- 10) Partnerships – This was not specifically addressed in our interviews.
- 11) Administrative capacity – This was not specifically addressed in our interviews.
- 12) Access to capital – MMFN’s ability to access competitive financing was identified as important to economic success.

Key Factors

This section briefly describes the top-ranked elements mentioned when we asked the interviewees about the key factors that most significantly contribute to the economic success of the First Nation and the adjacent local government.

Own Source Revenue – Own source revenue, in this case a sales tax agreement, was noted as the absolute key to the economic success of the First Nation. This is how the First Nation government, and its on reserve residents by extension, benefit from development of reserve land. Based on their sales tax revenue, the MMFN is able to access competitive financing.

Governance – The separation of business and politics was identified as an absolutely essential factor in the economic success of the MMFN. Potential investors require consistency in the people they deal with. Politicians can potentially change every two years. If potential investors are dealing only with politicians, the risk of inconsistency is high. This inconsistency leads to investor uncertainty, and makes it much harder for First Nations to attract private investment onto the reserve. Consistent personnel within the economic development corporation give potential investors confidence.

¹⁶⁰ *First Nations – Municipal Community Economic Development Initiative, Federation of Canadian Municipalities* (<http://www.fcm.ca/home/programs/community-economic-development-initiative/about-the-program.htm>).

Infrastructure and Services – The construction of infrastructure upgrades (ramps) were critical to access the commercial site. The federal government contributed \$3 million for the water, sewer, electrical and road infrastructure needed. The MMFN has a service agreement with the City of Edmundston for under which Power Centre tenants receive the same level of service as commercial tenants in Edmundston at the same rates. In fact, the City collects fees directly from the Power Centre tenants, so the First Nation is not responsible for billing, collection and enforcement. The infrastructure and the level of commercial services are very important to the generation of economic and fiscal benefits.

Land Management Regime – The land designation and the 99-year lease term provide investors with confidence. It was noted that patience is required. For economic success to be achieved, all the appropriate steps have to be taken in their appropriate order, without skipping some. The MMEDC's CEO pointed out that no one will invest \$5 million if the First Nation hasn't taken all those necessary steps to provide the investor with the required confidence. In September 2013, the MMFN entered the First Nation Land Management process, as a developmental member community. In the future, the MMFN will pass a land code to get out from under the land-related sections of the Indian Act and assume greater control over their lands and resources.

Community Support – Community support was identified as an important factor contributing to the economic success of MMFN. The administration must demonstrate to the community and leadership how they stand to benefit from private investment. Demonstrating to community members that private investment creates and maintains jobs is important because the public revenues from private investment help to build such things as parks, schools, roads, sewer and water systems, libraries, museums, elders homes and cultural centres. It is also important to demonstrate to investors that the community politically supports them and recognizes their contribution to the community. The Madawaska Maliseet community's support for the strategy and the Power Centre concept was confirmed in the land designation / referendum process.