



New Fiscal Framework

WHAT WE HEARD FROM FIRST NATIONS



BRITISH
COLUMBIA

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The Province heard a variety of perspectives and ideas on the new fiscal framework from First Nations. In some cases, the Province heard the same concept expressed in different ways. The Province has made best efforts to reflect back the fundamental points that First Nations raised, even where slightly different words may be used.

This report is a summary of the key themes raised in the co-development work carried out to date, and not a statement of the Province's views on those themes or the future course of the new fiscal framework.

Executive Summary

The Province is co-developing a new distinctions-based fiscal framework and relationship with Indigenous Peoples¹. A current focus of this work is on co-developing a new forestry revenue sharing model with First Nations as part of a principled and wholistic new fiscal framework between the Crown and First Nations governments. Helping guide co-development efforts, the Province created a discussion paper for all First Nations to read through and comment on in November 2022. The paper included preliminary ideas about the vision, scope and purpose of the new fiscal framework, as well as key discussion questions. The Province then proceeded to engage First Nations on the discussion paper — focusing on government-to-government dialogue with rights and title holders.

Throughout the engagement process, First Nations have been clear that a new fiscal framework requires transformative change in the way government understands, measures, collects and shares the value created by the economy, both in terms of the benefits that are generated today and the untapped potential of new economic opportunities on the horizon. As part of this transformative vision, Nations said that a new fiscal framework must align with and support fundamental shifts in the way government manages lands and resources, based on the recognition and implementation of rights and title.

The Province has also heard the importance of developing and implementing these changes together, through meaningful government-to-government partnerships. This concept was expressed in many ways. Secwépemc communities spoke about the concept of “walking on two legs.” Carrier Sekani spoke of working with the Province as equal partners. First Nations have further emphasized that achieving meaningful partnerships requires a distinctions-based approach that reflects the rights and unique interests of each First Nation. From modern treaty nations, the Province heard clearly about the need to ensure it is fully and effectively implementing modern treaties. Treaty 8 Nations also emphasized that their treaty rights must form the basis for a new fiscal framework with the Crown.

The views shared by First Nations are summarized in this report, with an intent to refrain from interpreting or filtering the feedback the Province heard. In many cases, concepts are described using the same terms that were used by First Nations. This report marks an important milestone in the co-development process. In the coming months, there is an opportunity to make tangible progress by applying shared principles that reflect feedback from First Nations to co-develop a new forestry revenue sharing model. This work should embody and support further progress towards the transformational change that is needed to implement the Declaration Act Action Plan (Action Plan) and realize the objectives of the United Nations Declaration on the Rights of Indigenous Peoples (UN Declaration).

¹ Consistent with section 35 of the Constitution Act, 1982 and section 1 of the Declaration Act, the term “Indigenous Peoples” includes First Nations, Métis and Inuit Peoples in Canada. “Aboriginal peoples” is also used.

Introduction

For the purposes of this collaborative work, a fiscal framework means a system that defines the fiscal relationship between governments to support the needs and priorities of citizens or residents based on agreed-upon principles. A fiscal framework addresses the revenue and expenditure functions and jurisdiction of each government and how intergovernmental transfers are structured.

Throughout Canada's history and legal framework, First Nations have largely been excluded from the fiscal framework in place between the federal and provincial governments. A key objective of the new fiscal framework is to identify a new path forward by supporting the establishment of proper, principled, and revitalized economic and fiscal relations with First Nation governments based on the recognition and co-operative implementation of Aboriginal rights, including title², under section 35(1) of the *Constitution Act*, and the implementation of commitments in the Action Plan and the standards of the UN Declaration.

A new rights-based fiscal framework will help ensure that First Nation economies thrive and support First Nation governments in accessing revenues to fulfil their roles and responsibilities to care for their citizens and manage their territories in ways that reflect First Nations worldviews and values. It will also acknowledge the importance of understanding and measuring economic health in a wholistic way, inclusive of the connections between lands, resources, people and First Nations communities.

Background

The shared commitment to co-develop a new fiscal framework is reflected in three actions (1.4, 1.5 and 4.49) in the Province's [Declaration on the Rights of Indigenous Peoples Act Action Plan](#). These actions reflect earlier commitments made by the Province and First Nations regarding the development of a renewed fiscal relationship in the 2018 [Joint Agenda: Implementing the Commitment Document](#) (Concrete Actions). Action 3, Goal 2 commits to the joint design and implementation of new approaches and models of renewed fiscal relations "to support the co-existence and exercise of our respective jurisdictions and the sharing and distribution of revenues."

As an early step towards a new fiscal framework, the Province and First Nations committed to, and finalized, a long-term gaming revenue sharing arrangement that, since 2020, has redistributed approximately \$100 million annually in provincial gaming revenues to First Nations in B.C.

In April 2022, the Province announced it would co-develop with First Nations a new forestry revenue sharing model to replace the Forest Consultation and Revenue Sharing Agreement (FCRSA) program as the next step in the co-development of a new fiscal framework.

To support consultation and co-operation with First Nations, the Province released a [Discussion Paper](#) in November 2022 with preliminary ideas on the vision and purpose of the new fiscal framework, as well six discussion questions for First Nation comment.

² Aboriginal title is a subcategory of Aboriginal rights that is a unique interest in land that includes the right to exclusive use and occupation of the land, the right to the economic benefits of the land, and the ability to determine how the land is used.

Two Tracks

There is an urgent need for comprehensive and unprecedented transformation in the fiscal relationship between the Province and First Nations. Additionally, First Nations governments are facing immediate and enduring economic pressures that need increased and new revenue sources. To address the urgency, while also ensuring the work is done properly and comprehensively, the Province and First Nations have agreed to proceed with the development of a new fiscal framework on two simultaneous and interrelated tracks of work.

Track 1 is the co-development of a new model or models of fiscal relations including the vision, objectives/outcomes, fiscal principles, mechanisms and tools, and how those will be applied comprehensively. Topics looked at in track 1 include revenue-sharing, fiscal transfers, taxation and other fiscal tools. This will also require a comprehensive examination of the economic components of land and resources that are used by governments to create wealth and how access to land and resources could be a part of a fiscal framework. The work will take time and require significant collaboration and engagement with the federal government.

Track 2 is the co-development of near-term changes to revenue-sharing streams that can be implemented while track 1 is still being fully developed. The goal of these near-term changes is to apply and test new principles and mechanisms in alignment with, and to inform the development of, the models that form part of track 1. At the same time, track 2 changes will also provide increases in revenues to First Nations without having to wait for the full co-development and adoption of a comprehensive new fiscal framework. The current focus of track 2 is the co-development of a new forestry revenue sharing model to replace the FCRSA program.

Engagement Approach

The Province's engagement to date has included government-to-government dialogue, broad forums, a virtual information session and opportunities for input via the [New Fiscal Framework EngageBC website](#) and email address.

Government-to-government engagement with First Nations

Meetings related to the new fiscal framework began in April 2022. These discussions have resulted in significant sharing of information regarding First Nations' interests and vision for a new fiscal framework. As of March 2023, the Province has engaged in more than 50 government-to-government meetings and has received feedback from more than 90 First Nations.

Discussion Paper

In addition to government-to-government discussions with rights and title holders, additional avenues were sought to support co-development of the new fiscal framework with Indigenous Peoples. Much of these efforts were focused around seeking First Nations feedback on the [Discussion Paper](#).

A formal comment period on the Discussion Paper was held from November 4, 2022 – January 31, 2023, with opportunities for First Nations and First Nations organizations to provide written feedback via:

- **New fiscal framework EngageBC website** (<https://engage.gov.bc.ca/newfiscalframework/>)
A central hub for all news and events related to the new fiscal framework.
- **New fiscal framework email address** (IRR.newfiscalframework@gov.bc.ca)
Used to share information about engagement opportunities, as well as receive feedback and coordinate communications.
- **Virtual engagement session (January 24, 2023)**
Opportunity for participants to hear from the Province, ask questions and submit feedback.
- **B.C. Cabinet and First Nations Leaders' Gathering (November 29-30, 2022)**
The largest annual gathering of First Nations leaders, Cabinet ministers and senior provincial officials in B.C. The new fiscal framework was discussed both at a plenary session and a breakout session, as well as in numerous one-on-one meetings.
- **First Nations Forestry Council Provincial Forestry Forum (November 22-23, 2022)**
The new fiscal framework was presented and discussed at a two-day event held on Tk'emlúps te Secwépemc territory. This was an opportunity for First Nations and Indigenous forestry businesses to engage on key forest sector policies.

What We Heard

First Nations feedback on the Discussion Paper has been wide-ranging and comprehensive, from input on fundamental fiscal policy concepts and principles to detailed technical proposals for new forestry revenue sharing models. Underlying this feedback has been a clear message of change: First Nations have consistently emphasized that new approaches for measuring and sharing the benefits of economic activity in British Columbia are needed. While the co-development of a new fiscal framework will take time, First Nations have said deep, transformative change to existing revenue sharing mechanisms is required for this process to be considered meaningful and successful.

In the discussion that follows (on pages 8 to 20), the thematic headings and bullet points are based on comments received by First Nations. As the goal is to accurately reflect all the feedback received, specific comments have not been listed in any order nor does inclusion of a comment imply that it represents the shared view of all First Nations who provided feedback. Where appropriate, different views provided on the same topic are highlighted.

While the Province seeks to meaningfully and comprehensively reflect a high-level summary of what B.C. has heard to date from rights and title holders, it is important to acknowledge the significant differences across First Nations' interests, terminology and framing in relation to the new fiscal framework.

The Province will seek feedback from First Nations in relation to whether what the Province has heard is accurately represented and complete. This feedback will inform subsequent work including development of an Options Paper, which will present a series of preliminary options for a new model to replace the FCRSA program, as well as co-developed principles for a new fiscal framework. The Options Paper will support further engagement with First Nations and be made available for comment by the public and industry. Engagement on the Options Paper is expected to occur in summer 2023, leading to identification of a recommended option for decision-making in fall 2023.

What We Heard – Elements of a New Fiscal Framework

Many of the comments received built on perspectives, standards, principles and understandings that First Nations have expressed over many decades. This includes comments related to the economic components of rights and title, the standards of the UN Declaration and principles for action and change that First Nations have endorsed such as the guiding principles for a new fiscal framework in the 2018 Concrete Actions. Other comments pointed to new concepts. Comments are presented below, grouped in thematic areas that may support their further development into concepts in the Options Paper.

Recognize the economic component of rights, including Aboriginal title

- The new fiscal framework must be consistent with the UN Declaration, in particular Article 26³, and the *Declaration on the Rights of Indigenous Peoples Act*⁴.
- Indigenous ownership of natural resources must be the starting point. This concept was expressed in different ways:
 - the need for revenue sharing arrangements to acknowledge and reflect pre-existing Indigenous sovereignty and assumed Crown sovereignty (e.g., as articulated in the 1910 Sir Wilfrid Laurier memorial), and
 - as resources being fundamentally owned by First Nations, in which case the Crown must stop referring to revenue ‘sharing’ in the context of natural resources that have been taken by the Crown for its use and benefit without consent for the past 176 years.
- First Nations’ title must be respected, including the right to use, develop and control traditional lands, territories, and resources.
- Different tools that can be used to create wealth and provide direct sources of revenues should be explored, inclusive of resource revenue sharing, tax sharing, royalty sharing, equity shares in Crown Corporations and first right of refusal for new tenures.

First Nations must be key players and drivers in the economic landscape

- Management of and decision-making for the land must be supported in a better way for the future and for an economy that First Nations should, as rightful owners, be leading.
- The new fiscal framework must be built to last, focused on the short-term and long-term, and with each government acknowledging the role they play in supporting a sustainable economy.
- Economic activities that allow First Nations to benefit from the land, while also supporting the broader provincial economy, must be promoted.

³ Article 26 of UN Declaration states that:

1. Indigenous peoples have the right to the lands, territories and resources which they have traditionally owned, occupied or otherwise used or acquired.
2. Indigenous peoples have the right to own, use, develop and control the lands, territories and resources that they possess by reason of traditional ownership or any other traditional occupation or use, as well as those which they have otherwise acquired.
3. States shall give legal recognition and protection to these lands, territories and resources. Such recognition shall be conducted with due respect to the customs, traditions and land tenure systems of the indigenous peoples concerned.

⁴ <https://www2.gov.bc.ca/gov/content/governments/indigenous-people/new-relationship/united-nations-declaration-on-the-rights-of-indigenous-peoples>

- New mechanisms for First Nations to generate their own revenues from economic opportunities on their land base must be expanded and implemented, including natural resource extraction, real estate development and other economic activity.

All governments require multi-streams of revenues to support their capacity to be strong and effective in serving their citizens

- New models for revenue sharing should be based on the value that First Nations would realize if their title were respected and upheld across the province.
- Revenue sharing is a means of supporting First Nations’ governing capacity, including decision-making, management and stewardship.
- First Nations’ community needs must be supported, such as youth training opportunities.
- First Nations are entitled to predictable, stable, diverse and reliable revenues to support informed spending decisions and fiscal planning.
- All revenues generated by the provincial government in First Nations' territories must be included in the new fiscal framework.
- Collaboration with the Government of Canada will ensure a wholistic, comprehensive range of revenue sources for First Nations.
- The new fiscal framework should incorporate the concept of intergovernmental equity, which is a core principle of fiscal and tax policy that seeks to ensure that each government receives an equitable share of revenue within its jurisdiction.
- The new fiscal framework should look beyond just the sharing of revenues and include an opportunity to redesign how rents and taxes are structured.

Support self-determination and decision-making over the land

- First Nations must be supported in the work of rebuilding their governments and Nations.
- The harms caused by colonial fiscal policy must be rectified and addressed.
- First Nations must be supported in exercising their inherent right to self-determination, including in relation to recognition of self-government, autonomy and jurisdiction.
- First Nations jurisdiction and legal authority in decision-making over the land must be respected, which may include through government-to-government decision-making arrangements or agreements.
- First Nations have a right of free, prior and informed consent which must be respected and upheld.
- The new fiscal framework must reflect a comprehensive government-to-government approach that engages all aspects of stewardship, including decision-making, accountabilities and expenditures, and enforcement.
- Lands and resources must be managed on a broader basis, rather than on a narrow profit calculation — all “ecosystem services” and the intrinsic value of resources should be incorporated.
- The cumulative effects of resource development in First Nations’ territories must be considered; ecosystems-based management approaches to value ecosystems, and efforts to ensure they are protected, must also be supported.
- Economic development opportunities cannot be determined unilaterally by the Province and there must be recognition that what is considered “sustainable” will vary among First Nations and the lands, territories and resources in question.

- The new fiscal framework must move away from the current provincial government accommodation approach towards a new model based on meaningful co-jurisdiction and/or legal pluralism and co-existence, and a shared vision of reconciliation.
- A more wholistic and expansive understanding of how value is created and measured must be adopted, considering that, beyond royalties and rents, there are other ways that value is generated and extracted.
- Cultural perspectives and impacts from economic activity on the land base must be considered, including their implications for food security and cultural values.

Recognize accountabilities associated with government operations

- The fiscal needs of Indigenous governments must be given equal consideration to the fiscal needs of the Province and the federal government.
- The new fiscal framework must align with and build on the Province and modern treaty nations' collaborative fiscal policy process.
- The new fiscal framework must acknowledge that, while both the Province and a First Nation may share common objectives, the outcomes of revenue sharing may serve unique purposes specific to each government and acknowledge the respective interests and responsibilities of Crown and First Nations governments.
- In the modern treaty context, the Province should adopt a block funding approach to ensure modern treaty nations have discretion to spend funds transferred from the Province as they see fit and in accordance with their rights and responsibilities, provided commitments for program and service delivery are met.

Advance the shared objective of achieving and maintaining strong local, regional and provincial economies

- First Nations economies are local, restoration-based and First Nations-driven.
- The new fiscal framework must move away from prioritizing corporate profits, towards local priorities, benefits and control, including retaining greater value locally.
- Economic diversification, net-zero economy, clean energy investment, atmospheric benefits and advancing the environment for philanthropic investment should be priorities for the new fiscal framework.
- The new fiscal framework must aim to provide hosting conditions for capital reinvestment in First Nations' territories, improving certainty for business.
- Improved socioeconomic outcomes for Indigenous Peoples will also contribute to their participation in the economy, helping to build strong Indigenous communities and the broader provincial economy.

Support meaningful partnership between the Crown and First Nations governments

- The new fiscal framework must not be unilaterally imposed but result from meaningful partnership between the Crown and First Nation governments based on mutual respect and trust.

The concept of “Walking On Two Legs” expressed by Qwelminté Secwépemc governments refers to “upholding both western laws and science as well as Secwépemc Laws as laid out in our oral histories and songs.” Secwépemc chiefs, alongside Syilx and Nlaxa'pamux chiefs, expressed their views on a partnership with the Crown in the 1910 Sir Wilfrid Laurier Memorial: “Some of our Chiefs said, ‘These people wish to be partners with us in our country. We must, therefore, be the same as brothers to them, and live as one family. We will share equally in everything: half and half in land, water and timber, etc. What is ours will be theirs, and what is theirs will be ours. We will help each other to be great and good.’”

- Achieving true partnership means working with First Nations in an equitable and respectful manner, ensuring that one world view does not overshadow the other through respectful recognition of distinct Indigenous and Western world views, perspectives, governance systems, jurisdictions, resources, laws, language and representation.
- The Province must park pre-conceived notions/expectations at the door; the methods of the past should not be expected to set the terms for the future.
- The new fiscal framework should focus on removing barriers and creating opportunities to advance modern treaties, agreements and other constructive arrangements that respect and uphold First Nations’ self-determination and self-government.

Support transparency and co-development

- The new fiscal framework must be developed and implemented in a way that is based on transparency, trust and full involvement of First Nations in the policy-making process.
- The Crown must share its fiscal policies, directives and processes with First Nations partners.
- Ad-hoc arrangements should be avoided in favour of consistent approaches.
- Co-development requires building trust and relationships, government-to-government, and ensuring that communities have a voice at all stages of the work.
- The Province should consider organizing a non-representative but geographically diverse First Nations advisory committee to guide the work internally, in addition to engagement and government-to-government work.

Compensate for past impacts (redress)

- The new fiscal framework must be consistent with UN Declaration, in particular Article 28⁵, and the *Declaration on the Rights of Indigenous Peoples Act*. The new fiscal framework must be a reparative exercise that addresses the Crown's efforts to erase culture, take lands, deny First Nations' title and exploit Indigenous Peoples.
- The land base has already been heavily impacted through resource extraction and harvesting carried out without Indigenous consent, climate change (e.g., forest fires, mountain pine beetle, atmospheric rivers), and the resulting cumulative effects, leaving little revenue to share. Increasing revenue sharing on a diminished base is myopic and unjust.
- The vast historical harvesting of resources from which First Nations have received little to no benefit must be acknowledged.
- The UN Declaration Article 28 states that Indigenous Peoples have the right to redress by means that can include restitution; in financial terms, the Province should account for redress in a way that does not allow it to be prioritized lower than other programs or spending initiatives.
- The need for ecological/environmental restoration should be considered.
- The Province needs to be clear about whether redress is part of this specific work (i.e., the new fiscal framework).

Reflect the rights and unique interests of each First Nation

- First Nations are socially, linguistically, historically, legally, culturally and economically diverse.
- First Nations are also in differing circumstances based on geographic location, population sizes, the areas over which they have chosen to occupy jurisdiction, whether they have entered into treaties, agreements or other constructive arrangements with the Crown, among other factors.

Modern treaty nations expressed the need to see modern treaties as a distinction that will be incorporated as a foundational principle in the new fiscal framework, and that revenue sharing should be commensurate with the rights and responsibilities in their agreements.

Treaty 8 Nations emphasized that their unique treaty rights must form the basis for a new fiscal framework with the Crown.

- The Province's commitment to co-develop a distinctions-based fiscal framework requires it to honour its distinct obligations to First Nations in B.C. who are the first inhabitants of their territories and who have title and rights to lands and resources in their territories, including an inescapable economic component of their title.
- The new fiscal framework must demonstrate flexibility to address the unique needs and circumstances of each First Nation.

⁵ Article 28 of the UN Declaration states that:

1. Indigenous peoples have the right to redress, by means that can include restitution or, when this is not possible, just, fair and equitable compensation, for the lands, territories and resources which they have traditionally owned or otherwise occupied or used, and which have been confiscated, taken, occupied, used or damaged without their free, prior and informed consent.
2. Unless otherwise freely agreed upon by the peoples concerned, compensation shall take the form of lands, territories and resources equal in quality, size and legal status or of monetary compensation or other appropriate redress.

- The perception and/or outcome(s) of winners and losers among First Nations should be avoided.
- The new fiscal framework should strive for reconciliation-based fairness while acknowledging and accommodating each other's differences, including giving consideration to inherent advantages and disadvantages.
- A one-size-fits-all model must be avoided; rather, each rights and title holder must be supported on their path to self-determination and comprehensive reconciliation. The principle of "substantive equality" should be incorporated. What is equal might not be equitable in all cases.
- Different First Nations have different values and worldviews as well as resources in their territories.
- Provincial policies that result in inequities between regions or individual First Nations must be dismantled.
- Sustainable funding sources, long-term revenue opportunities and long-term partnership opportunities must be core features of the new fiscal framework.

Respectfully engage with areas of shared territory

- The new fiscal framework must acknowledge and help support resolution of First Nations boundaries in a way that supports nation-rebuilding and inter-nation relations and avoids revenue allocation formulas that create inappropriate incentives.
- Revenue sharing models should reflect First Nations' identified territorial overlaps where agreed upon between Nations.
- The mixed perspectives of First Nations regarding revenue sharing distribution models in areas of shared territory must be reflected, including in relation to general support for activity and/or territory-based models vs. population-based (equity/per-capita) and/or redistributive models.
- The matter of expansion of First Nations' territories over the years must be addressed.

What We Heard – Examples from Other Jurisdictions

Through the engagement process, First Nations provided examples of fiscal models from other jurisdictions that could inform the new fiscal framework. These examples, which are listed below, offer potential avenues of further research and analysis. Taking inventory of models that have been implemented in other jurisdictions or evaluated in the academic literature will help ensure that, where appropriate, the new fiscal framework incorporates learnings and best practices from around the world.

New Zealand Crown Forestry Rental Trust (CFRT)

- The CFRT was created by the *Crown Forest Assets Act* in 1989 after the New Zealand Māori Council and Federation of Māori Authorities took court action to protect Māori interests in the Crown's commercial forests. It holds annual licence rental fees from Crown commercial forests with outstanding land claims, uses interest earned to provide funding to support eligible Māori claimants in making their claims and returns funds to successful claimants.

Northwest Territories Intergovernmental Resource Revenue Sharing Agreement (IRRSA)

- Signed in 2014 by the Government of the Northwest Territories, Inuvialuit Regional Corporation, Northwest Territory Métis Nation, Sahtu Secretariat Incorporated, Gwich'in Tribal Council, and Tłı̨chǫ Government, the IRRSA provides for sharing of public oil and gas, mining and water revenues with Indigenous government signatories.

Ontario Resource Revenue Sharing Agreements (RRSA) Program

- Piloted in 2017 and expanded in 2021, the RRSA program allows selected First Nations with territory near mining, forestry, or sand and gravel extraction to sign an agreement to receive a portion of Crown revenues from these resources. To date, the Government of Ontario has signed agreements with Grand Council Treaty #3, Mushkegowuk Council and Wabun Tribal Council.

Norway Government Pension Fund Global (GPFG)

- GPFG is a sovereign wealth fund created in 1990 to invest the Government of Norway's revenues from oil and gas, including from profit taxes, license fees, profits from the Government of Norway's directly owned exploration and production licenses, and dividends from Equinor, the partly state-owned energy company. GPFG is managed by an agency within the Norwegian central bank to maximize income within a set of constraints, including limits on financial risk and environmental, social and governance commitments.

Girjas Reindeer Herding Community (RHC) v. Sweden

- The 2020 ruling by the Swedish Supreme Court in *Girjas Reindeer Herding Community (RHC) v. Sweden* granted Girjas RHC, a traditional Sámi reindeer herding cooperative known as a Sameby, the exclusive right to issue hunting and fishing licences in its territory. This right was previously claimed by the Government of Sweden, who has formal title to the territory.

Plurinationalism

- Plurinationalism refers to the coexistence of multiple autonomous national groups within a single state. Formally recognized in the constitutions of Bolivia and Ecuador, plurinationalism is intended to enable the recognition and implementation of true nation-to-nation relationships between Indigenous and non-Indigenous governments.

What We Heard – A New Forestry Revenue Sharing Model

Comments on forestry revenue sharing (track 2) were divided thematically into two categories: (1) how First Nations value forests and wish to be involved in the forestry sector, and (2) First Nations' perspectives on issues with the current revenue sharing model and how a new model should function. The organization of the following section reflects these categories. While some comments echoed similar ideas and principles received under the previous themes, they have been included below in the interest of accuracy and to underscore the close linkages between the work of co-developing a broad new fiscal framework (track 1) and the co-development of a new forestry revenue sharing model.

Worldviews and Perspectives on the Valuation of Forests

Recognize distinct First Nations worldview of connection to land and valuation of forests

- Indigenous laws, spirituality, values and culture are deeply connected to the lands and forests. Indigenous worldviews highlight the direct relationship with human wellbeing to the health of the ecosystem.
- Forests have multiple dimensions of value: social/cultural, environmental and economic value.
- Traditional forest practices should be revitalized and First Nations' contemporary forest management objectives must be respected.

Forests should not be valued strictly for timber

- The forests have value when they are left standing, as they support wildlife habitat, clean water and clean air. There are risks and costs that should be valued in a new fiscal framework (i.e., floods, fires, habitat degradation).

The Seven Generations concept was repeatedly emphasized to reflect the position that decisions related to land and resources should be taken with a view to how they will affect and benefit those born seven generations from now.

- Volume-based forestry system is problematic — some First Nations indicated support for reconfiguration of the system away from volume.
- Fiscal and revenue sharing principles developed for forestry should attempt to reflect non-timber values of forests, such as the inherent ecological values of watersheds, old growth and their need for conservation and stewardship.
- A new forestry revenue sharing model must recognize important connection between forests, water and wildlife, and create fiscal benefits from all connections.
- Opportunities to diversify the forest economy should be explored, including through tourism, non-timber forest products, value-added forest products and atmospheric benefits.

Understand First Nations' jurisdiction

- First Nations have title, rights and jurisdiction in their territories and stewardship, management and decision-making authority over forests and lands. This must include the authority to work in partnership with the Province in managing forests and making joint decisions around planning for their use.

- The cumulative impacts of past and ongoing forestry harvesting on the forest-based ecosystems in First Nations territories must be addressed (as well as the impact of other industrial activities such as mining and quarrying).
- Forest district boundaries must align to Nations' views of the land base (territorial, watershed).
- Funds should be earmarked for programs such as Guardians programs.

Supporting First Nations' economic opportunities in the forestry sector

- Forestry-related fiscal principles should reflect the economic opportunity to First Nations evident in the sector, in which many Nations hold their own forestry-related businesses and economic interests and are looking to forestry as a source of employment and fiscal capacity.
- First Nations have a clear interest in being full players in the forest sector, including by acquiring additional tenure (including where major licensees are disposing tenure) and building business-to-business partnerships. Additional funding through revenue sharing would help support these objectives.
- Maximization of financial returns related to forestry is not a priority for all First Nations; some prioritize ecological and cultural value and/or take the position that forests cannot be valued in strictly monetary terms.
- First Nations are challenged to participate in the forestry industry due to the current economic environment and stumpage rates, and there is a need for immediate support from the Province.
- An objective of forestry-related funds provided to Nations should be supporting more capacity building, education, and/or training in their communities to help further the knowledge of forestry.
- First Nations must be included in future efforts to resolve trade disputes to ensure their rights and interests are properly reflected.
- In the context of British Columbia's industrial-scale forestry economy, the Province needs to support Indigenous operators and priorities.

New Approaches to Revenue Sharing

Access to revenue as a right

- Forestry-related revenue sharing must reflect First Nations' title and rights in relation to forests. This includes:
 - shifting the language around revenue sharing to recognize joint and/or full ownership, co-existence and legal pluralism and support government-to-government sharing in revenues associated with forests, and,
 - enhanced revenue sharing rates, for example, sharing 50% of forest-related revenues with First Nations (although different views were offered on whether this should be gross revenue or net of costs).
- Atmospheric benefit sharing agreements are a model for recognizing co-ownership of a resource and/or co-existing jurisdictions.
- Revenue sharing should be based around potential net profit First Nations could realize if they held and sold all the tenure themselves.

- The new forestry revenue sharing model must address competing views about whether to implement an activity-based element as opposed to a per capita model or other equity-based models; while many First Nations are in favour of an activity-based formula, others expressed support for models that include equity components.
- The Province must not attempt to impose a ‘one-size-fits-all model’; regional differences and unique First Nations’ interests must be reflected.
- The Province should refine the current FCRSA activity-based model further to reflect activity actually occurring on First Nations’ territories, by allocating revenues over smaller areas (e.g., forestry management units).
- Provincial stumpage should not apply at all to First Nations’ forestry volume.
- Some First Nations support expanding the reduced stumpage rates currently in effect for some (e.g., Bill 28) volume to all First Nations’ volume as the preferred form of revenue sharing with First Nations.
- Some First Nations are interested in directly establishing and administering their own stumpage and BC Timber Sales-equivalent systems.

Resolving territorial boundary issues as it Impacts forestry revenue sharing

- Given that “overlaps” are a colonial construct, the Province must not make unilateral decisions on which Nations’ boundaries it recognizes, but should instead pursue solutions that help support nation-rebuilding.
- Nation-to-Nation agreements that resolve territorial boundaries should be incorporated into the new forestry revenue sharing model, in instances where agreements are reached.
- Modern treaty nations expressed that their rights, as set out in constitutionally protected agreements, should be given precedence in the forestry revenue sharing allocation formula.

Licensee stumpage rates

- The discrepancy in reduced stumpage rates between the First Nations Woodland Licence and the lower, tabular rates offered under Community Forest Agreements is unjustifiable.
- Revenue sharing on all First Nation-held tenures and/or stumpage rates should be increased.
- Changes to stumpage rebates should seek to avoid impacts to the Province’s and federal government’s trade relations with the United States.

Specific issues in the existing revenue sharing model

- The accommodation language found within the FCRSA program agreements must be replaced with a new approach that is consistent with UN Declaration.
- The First Nations population figures used in calculation of FCRSA payments is problematic given their association with the *Indian Act*.
- The almost two-year lag in the payment of stumpage rebates under the FCRSA program back to First Nations governments is overly lengthy and not sufficiently responsive.

Forestry on private land remains problematic to the government-to-government relationship

- The Province collects minimal forestry-related revenues from forestry activity on private forest lands, since unlike on Crown lands, the private ownership of trees means the companies conducting operations do not have to pay stumpage.
- The Province should consider options to derive additional revenues from private lands and share them with the local First Nations, such as applying special taxes on the forestry activities occurring on the lands.

Revenue sharing of forestry-related revenues should be comprehensive

- Revenue sharing should encompass streams such as BC Timber Sales profits, the logging tax, export fees, personal and corporate income taxes and sales taxes associated with the industry, and revenues related to downstream processing of forestry products, including head lease revenues of ports and facilities that help to support the industry.
- First Nations must have the capacity to generate revenue from non-timber forest products, such as medicinal plants, mushrooms and berries.
- The Province should consider additional taxation of products related to forestry or forests ('nature tax').

Redress for past harvesting

- First Nations must be compensated for past historical forestry harvesting on their territories, for which they received little opportunity to provide input, and derived few benefits.
- The specific financial value associated with past forestry harvests should be calculated and treated as a provincial financial liability. Funding provided to First Nations to purchase additional tenure could be deducted from this overall redress obligation.

Non-forestry revenues associated with existing forests

- Beyond revenues associated with the forestry industry, the Province must consider sharing ongoing revenues associated with existing forests, notably: range revenue, tourism related revenues, hunting and gathering related revenues, and any atmospheric benefit credit revenues derived from standing forests.

What We Heard – The Approach to Co-development

The Province also received feedback on its approach to co-development. These comments included feedback on the proposed timelines, process for responding to and incorporating First Nations views into the work, and the prioritization of revenue streams under track 2. Specific comments included:

- Forestry revenue sharing is not a meaningful source of revenue for all First Nations, including those whose land base is primarily impacted by other forms of economic activity — the Province must accelerate work on other revenue streams as soon as possible.
- The decision to focus on forestry was a unilateral provincial decision. Other sectors need to be prioritized in collaboration with First Nations.
- Reluctance and lack of trust about the extent to which First Nations' views will be meaningfully considered by the Province. A common question was: How do we know this exercise will lead to meaningful change?
- The proposed timelines elicited a range of different views, with some First Nations indicating that the timelines are too ambitious and do not provide sufficient time for meaningful input while others said that new revenue sharing streams are needed urgently and the Province must continue to move quickly.
- It is critical that engagement and opportunities for co-development must be with rights holders directly.

Conclusions and Next Steps

The Province does not have a pre-determined vision or outcome for a new fiscal framework. While this document is a “What We Heard” Report, efforts to hear from and engage with First Nations in B.C. are ongoing. This document is intended as an opportunity to seek transparency and a “check-in” with First Nations to support the process of co-developing the new fiscal framework together.

The next steps for the new fiscal framework include further phases of engagement. More information about upcoming engagement opportunities can be found on the New Fiscal Framework EngageBC website. The next milestone will be to develop an Options Paper containing a series of preliminary options for a new model to replace the FCRSA program as well as co-developed principles for a new fiscal framework, based on the feedback summarized above. The Province will then undertake further engagement with First Nations on the Options Paper, as well as make it available for comment by the public and industry. The objective will be to identify a recommended option on forestry revenue sharing by summer 2023 and bring it forward for a decision in the fall.

Forestry revenue sharing is only one component of a much broader new fiscal framework with Indigenous Peoples. The long-term goal is to co-develop a wholistic framework that comprehensively supports the operation of Indigenous governments through new revenue sharing arrangements and other fiscal mechanisms, consistent with the Action Plan and the Concrete Actions. It is understood that other streams of revenue generated by the Province will need to be examined in the context of these commitments, in support of transitioning to a new fiscal framework that is enduring, comprehensive and based on the recognition and cooperative implementation of section 35 rights, including title, and the standards of the UN Declaration.