



Tulo Centre of Indigenous Economics



RENEWING INDIGENOUS ECONOMIES

Indigenous Economic Development & Reconciliation | January 22, 2020 | Victoria, BC

OPPORTUNITIES, CHALLENGES AND BACKGROUND

Overview

THE OPPORTUNITY

- BC Recognizes UNDRIP in legislation and commits to new relationship with First Nations

THE CHALLENGE

- How to practically implement legislation and commitments?

A PROPOSED PARTIAL RESPONSE

- Building on a made in BC model of First Nation institutional innovation

Background 1 – The Three Basic Types of Arguments

Who is to blame?

Whose values are right?

What is the best choice to make?

Background 2 – A Ridiculously Short History of BC First Nation Politics

Two significant First Nation political movements emerged from BC:

Rights and Title

First Nation
Institutional Renewal

On November 7th, 2019 First Nations institutions and leadership groups from across BC sign protocol to work together to implement UNDRIP commitments.



Background 3 – Working Together to Be Great and Good #1

Gaining Jurisdiction Video:

<https://www.youtube.com/watch?v=0BdgRkQu6BY>

First Nations Fiscal Management Act, 2005

The First Nations Fiscal Management Act (FMA) was created to provide the institutional framework for a revenue based fiscal relationship for First Nations (expenditures connected to revenues – local revenue account)

The FMA was also created because First Nations were disadvantaged in funding business grade infrastructure to support their economic growth

- *Local governments received ten times more private investment for every dollar invested in their public infrastructure*

First Nations Governments Need

A Tax Base

Improved
Services

Business
Grade
Infrastructure

Improved
Investor
Confidence

A Credit
Rating

RENEWING INDIGENOUS ECONOMIES THROUGH CREATIVE DESTRUCTION

The Premise

The model advanced by FNTC Chief Commissioner Manny Jules and like-minded First Nation leaders is that building an Indigenous institutional framework that continually improves and supports economic innovators will, in his words:

“Unleash the entrepreneurial imagination of our people and creatively destroy colonialism.”



Four Part Model of Creative Destruction

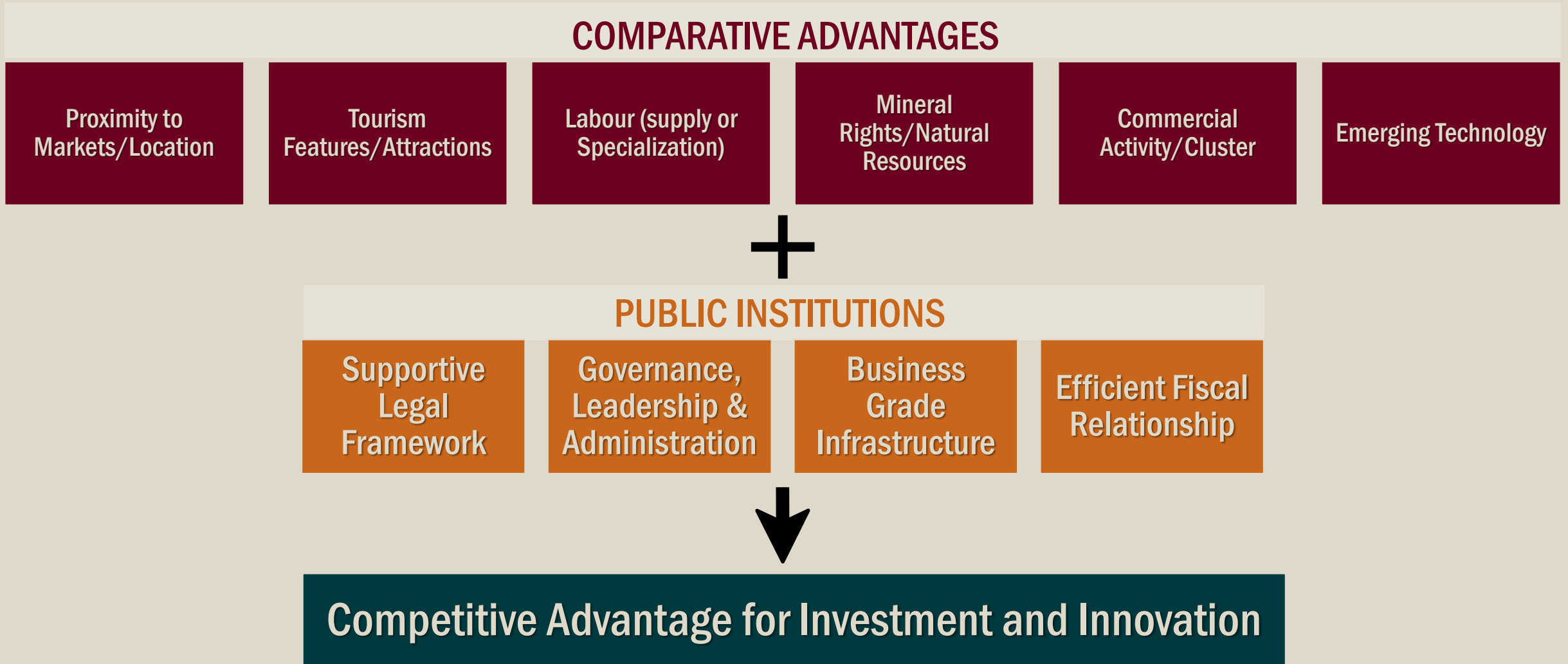
**Institutions and
economic growth**

**A process to
innovate
Indigenous public
institutions**

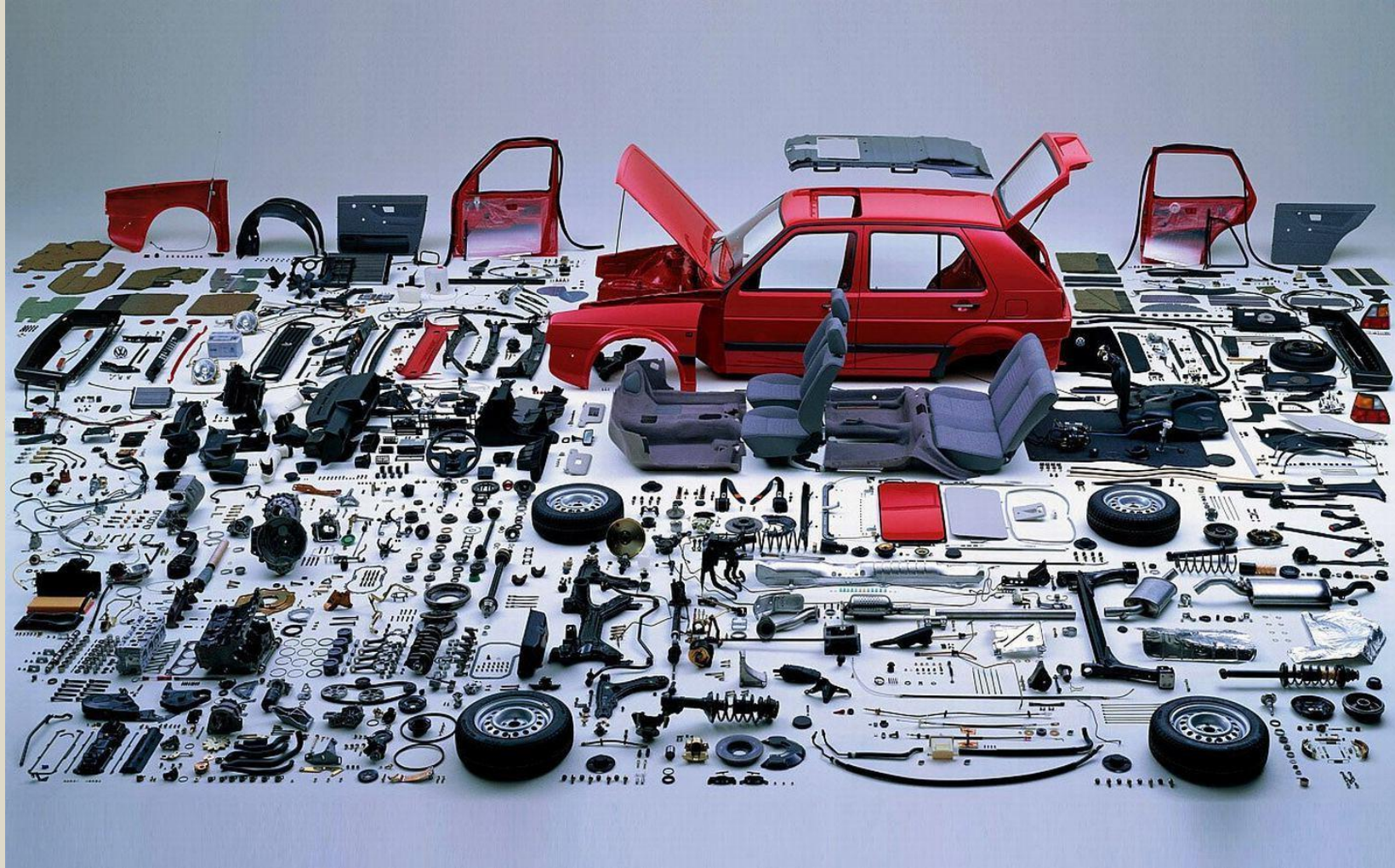
**A sustainable
innovation
economy**

**Creative
destruction of
colonial
framework**

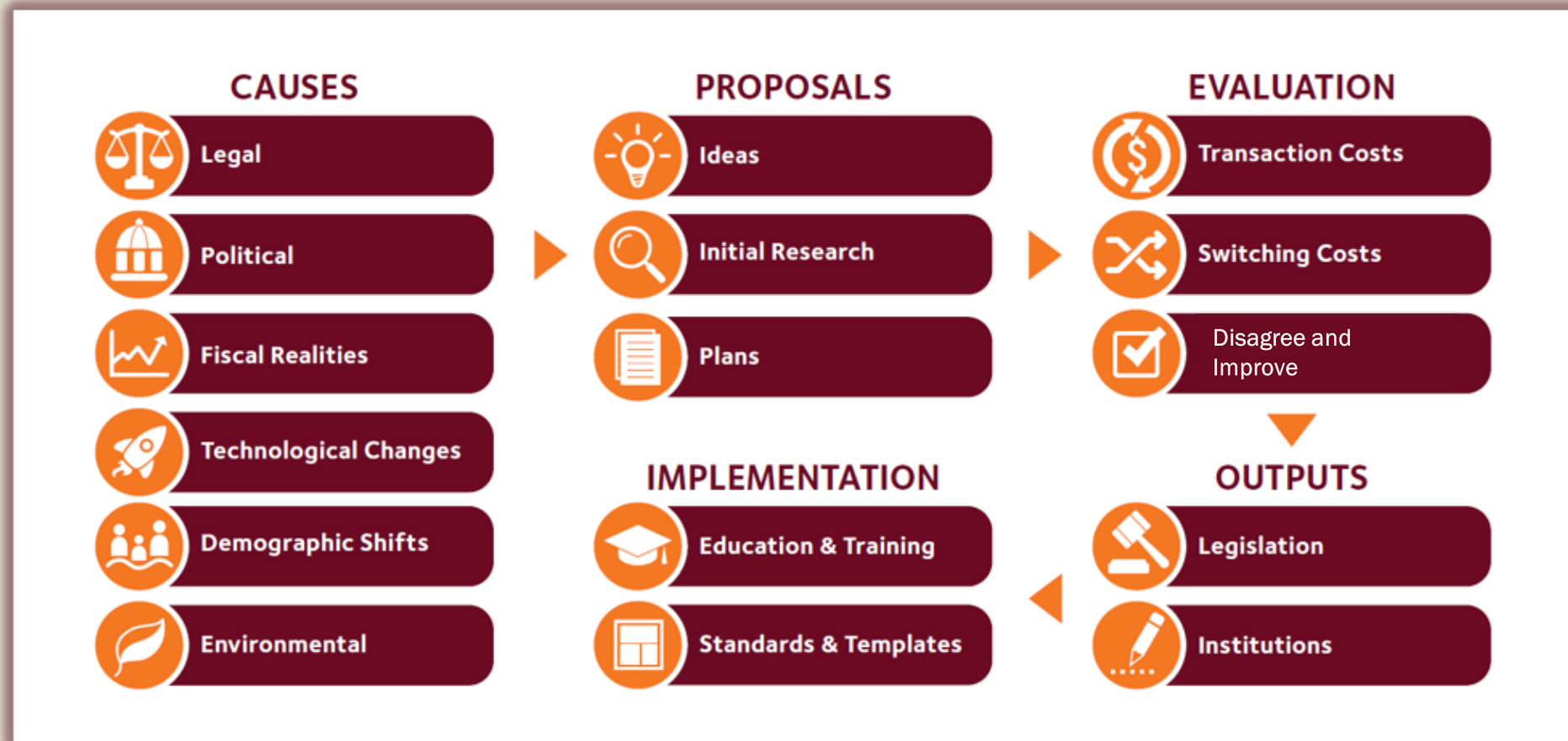
Creative Destruction – Institutionally Supported Economic Growth Model



First Nation Jurisdiction to Support Economic Development: *Some Assembly Required*



A First Nation Institutional Innovation Process



Increasing the Probability of Successful Institutional Innovations



REDUCE
TRANSACTION COSTS

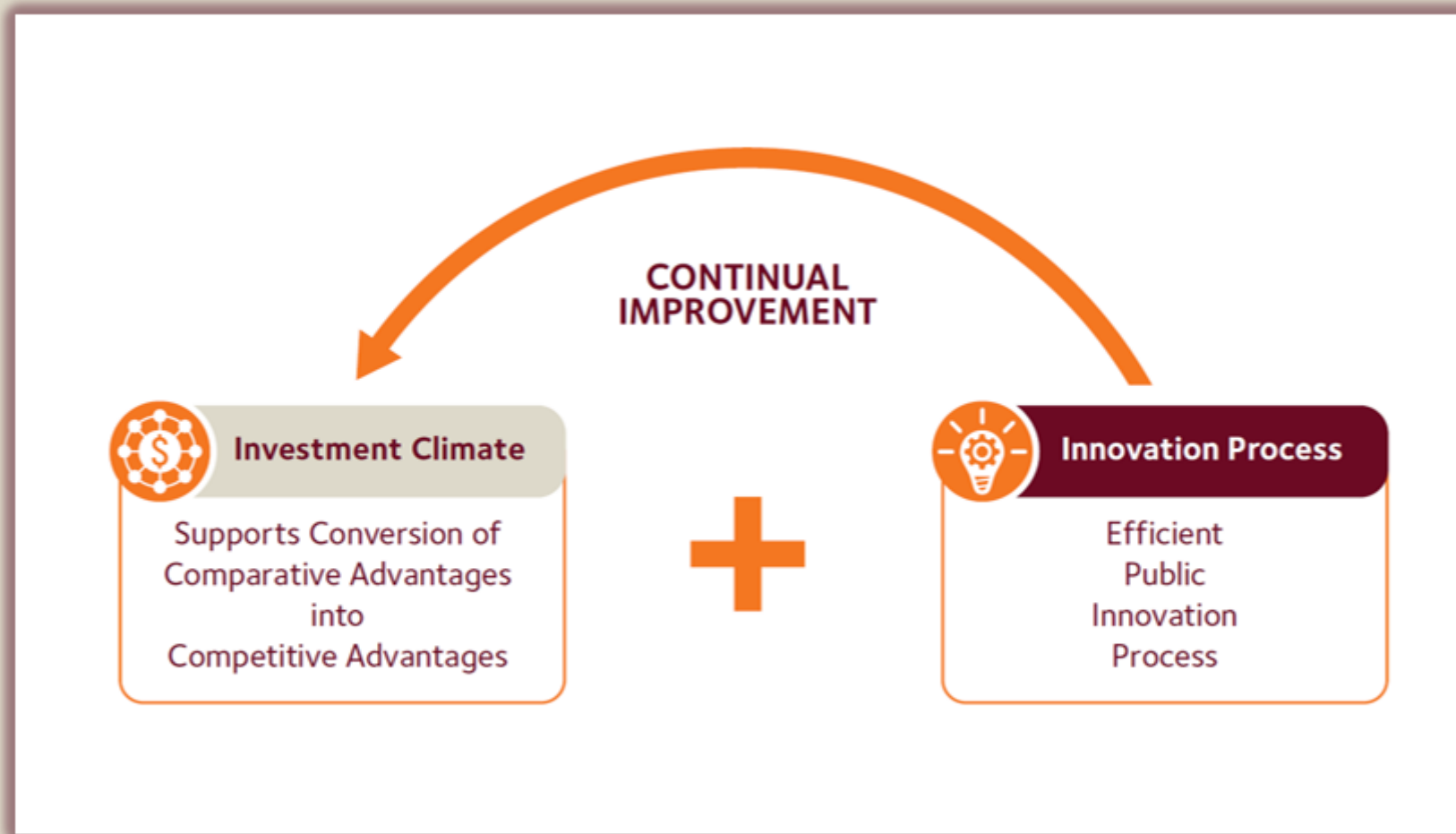


REDUCE SWITCHING
COSTS

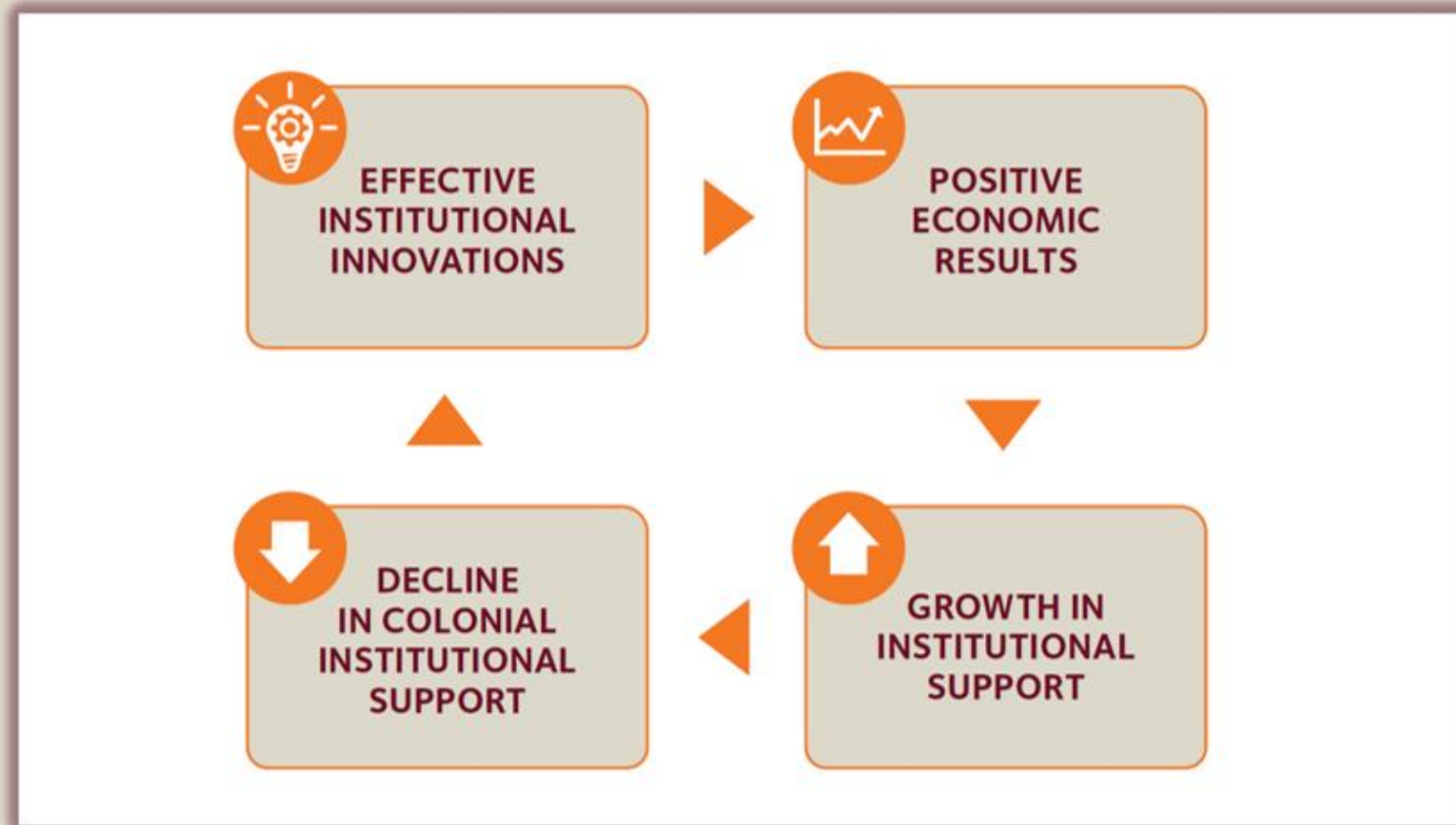


INCREASE POSITIVE
NETWORK EFFECTS

Sustainable Innovation Economy

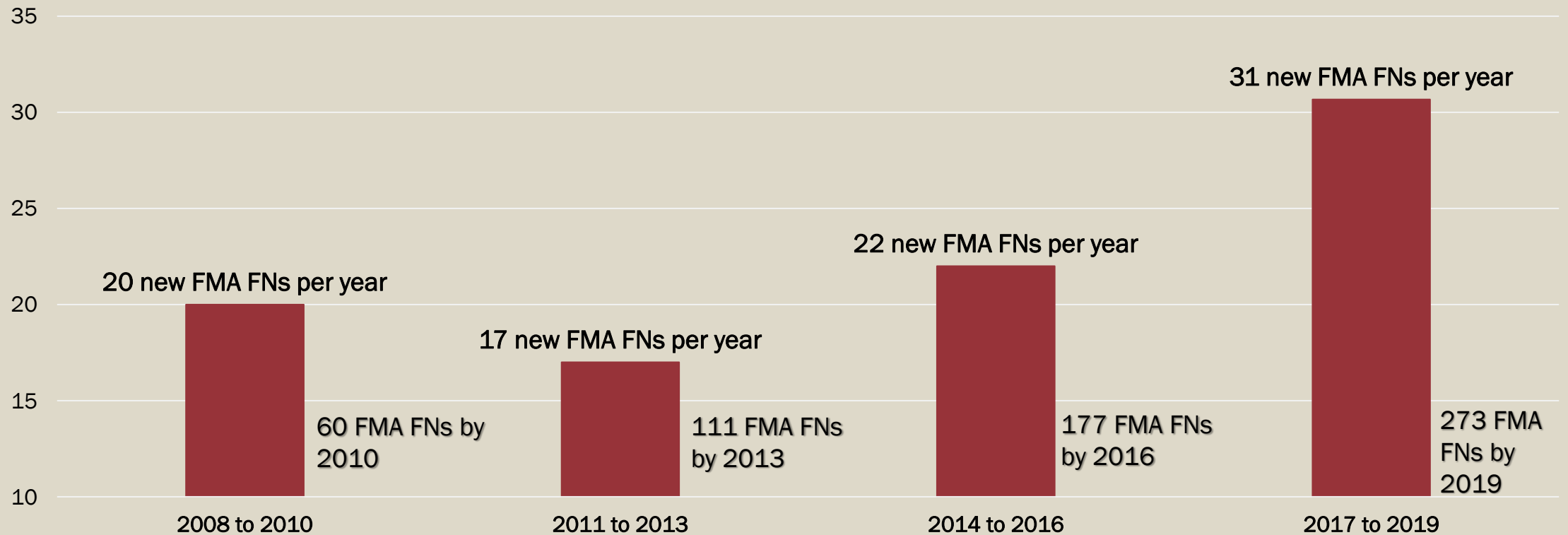


The Successful Institutional Approach to Colonial Destruction



FMA Growth – From 0 to almost 300 in 12 years

**Number of New FMA First Nations –
Three Year Averages of New FMA First Nations (2008 – 2019)**



FMA Growth – A Made in BC Innovation



almost **300** participating First Nations



\$1 BILLION in increased private investment



\$600 MILLION in revenues from expanded fiscal powers



1500+ tax, fiscal and financial laws passed in the expanded legal framework



\$800 MILLION in financing with improved access to capital



ADMINISTRATIVE CAPACITY with 22 original accredited courses and over 200 students



FINANCIAL MANAGEMENT CAPACITY with over 100 certified First Nations

A Theory about the FMA Growth Rate

The challenge for First Nations and Canada is to effectively and efficiently identify methods that help interested First Nations move from the current standard (*Indian Act*) to a new standard (First Nation jurisdiction).
The FMA demonstrates an effective model to accomplish this:

**FIRST NATION
LED LEGAL AND
ADMINISTRATIVE
FRAMEWORK**

**FIRST NATION
LED
INSTITUTIONAL
FRAMEWORK**

**JURISDICTIONAL
PERMANENCE**

**OPTIONAL
LEGISLATION**

**CAPACITY
DEVELOPMENT
AND
ACCREDITED
TRAINING**

**INSTITUTIONAL
INNOVATIONS**

PRACTICAL PROPOSALS
TO IMPLEMENT UNDRIP
AND ACCELERATE
CREATIVE DESTRUCTION

Practical Proposals

Enable post-treaty participation in the FMA



www.fnleadingtheway.com

Expand Tulo Centre of Indigenous Economics



First Nation Infrastructure Institute (FNII)



www.fnii.ca

Support for expanded First Nation Tax Jurisdiction (especially federal tax room)

Cannabis excise tax

FNGST

Federal corporate tax credits for First Nation resource charges

Support FMA and FNLMA Pre and Post Treaty Settlement

Institutional and regulatory framework for First Nations to exercise fiscal and financial and land management powers and supports long term debenture financing through the FNFA

- LOWER SWITCHING COSTS
- EXPANDING FMA FISCAL AND FNLMA LAND FRAMEWORK

The FMA provides a framework for post treaty First Nations to exercise their fiscal powers and access long term infrastructure financing. This supports greater post-treaty economic development.

Building Administrative Capacity: Some Selected Tulo Centre Resources

TULO CENTRE PROGRAMS

Incorporated on January 31, 2008, the Tulo Centre was established to deliver education programs and conduct research in the areas of First Nation public administration. Our education programs include flexible delivery, university accreditation, and activity-based curriculum. The Tulo Centre currently offers three certificate programs in:

- First Nations Tax Administration
- First Nation Applied Economics; and
- First Nation Applied Lands Management.



RENEWING INDIGENOUS ECONOMIES THROUGH CREATIVE DESTRUCTION

A working paper developed by the Tulo Centre in September 2018. The paper illustrates how First Nation leaders utilized the notion of creative destruction to destroy colonial constructs and restore the First Nation institutional framework that support First Nation economic growth and prosperity.



BUILDING A COMPETITIVE FIRST NATION INVESTMENT CLIMATE

The Tulo Centre online textbook was published in 2015. It was inspired by the life work of Manny Jules, Chief Commissioner of the First Nations Tax Commission, whose vision has always been to restore First Nation and Indigenous jurisdiction and political power through economic development.

Support Tulo Centre Expansion Plan

Demand consistently strong

Demand for more workshops, research, courses and certificates growing from across Canada (Manitoba), the Maori and US tribes.

Supportive capital infrastructure must grow as well

- Capital plan to support the building of a new facility which would feature classrooms, seminar facilities, meeting spaces for students and office spaces for scholars & staff

This represents a real opportunity to showcase a made-in-BC post-secondary education success story for Indigenous people

Building Sustainable First Nation Infrastructure – The FNII proposal

ELEMENT OF CYCLE	CONSIDERATIONS	FISCAL FRAMEWORK
PLANNING	Integrated economic, land and capital plan (capacity and support)	Own revenues and other governments
DESIGN	Supports growth and utilizes costs, local and environmental innovations	Own revenues and other governments
FINANCING	Financial plan for full life cycle, fiscally and economically sustainable	Taxes, fees, charges, long term borrowing, transfers and private options
CONSTRUCTION	Legal framework, insurance and utilizes cost, incentive and environmental innovations	Minimizes contingency from financing plan
OPERATION AND MAINTENANCE	Standards, fiscally sustainable, capacity development and innovations	Utility fees, taxes and other revenues
REPLACEMENT	Life cycle approach at end of design life (as opposed to urgent requirement)	Innovations from first cycle and contributions to reserve funds

Support Expanded First Nation Federal Tax Room: Cannabis Tax – Exclusion of First Nations

1867



CONFEDERATION

Tax and jurisdiction divided up between
Canada and provinces in the Constitution

First Nation governments
were excluded



2017



CANNABIS POWERS DIVIDED UP

CANADA
Regulation
Excise Tax
GST
Fees

PROVINCES
Regulation
Sales Tax
Property Tax
Local Taxes
Fees



150 years later, First Nation
governments are **STILL** excluded

Support Expanded First Nation Federal Tax Room – FNGST

- Some non-treaty BC First Nations are collected FNGST on fuel, alcohol and tobacco and others are collecting it on all eligible products
- Take up for FNGST is slow for three reasons:
 - Insufficient institutional support – Include FNGST in FMA
 - Moratorium on 3 product tax - Support four product tax (FACTT)
 - Revenue share limits discourage use – Remove or alter revenue caps
- Rationale for support
 - More federal tax revenues within BC
 - First Nation participation in FNGST will reduce treaty negotiation switching costs and bring more federal taxes into BC

Support Expanded First Nation Federal Tax Room – First Nation Resource Charge (FNRC)

- Proposal to standardize First Nation revenues from resource projects in their territories into a First Nation Resource Charge
 - Could include standardization of provincial revenue sharing frameworks
- Propose to have FNRC offset by a federal corporate income tax credit so investment climate is improved and federal governments contribute to First Nation services and infrastructure
- Proposal is for FNRC (also cannabis tax and FNGST) to be used for infrastructure, First Nation participation in environmental processes (consent processes) and other First Nation priorities
- Benefits to provinces – Streamlined project negotiations, improved tax system integrity, First Nation reconciliation, revenue opportunity for Northern First Nations and shifting onus of fiscal accommodation to federal government.



NEXT STEPS

Opportunities to Work Together

Champion
Innovation
(Creative
Destruction)

Support FMA,
FNLMA Pre and
Post Treaty
Options

Innovation
Evaluation

Legislative
Development

Ease Transitions
to Foster Change

Support & Learn

Thank you!



FIND US ONLINE: www.tulo.ca

FOLLOW US: [@TuloCentre](https://www.instagram.com/TuloCentre)

CONTACT US: **250-828-9857**
info@tulo.ca
Kamloops, BC

