



Turning on the Taps of Investment Flow to First Nation Jurisdictions

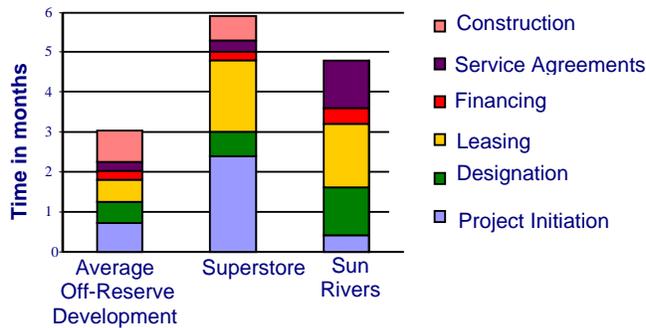
Executive Summary

The costs of doing business on First Nation land are high for a variety of reasons. The Indian Taxation Advisory Board retained Fiscal Realities Economists to identify the competitive challenges First Nations face and develop responses that will lead to improved economic development. A multi faceted approach will be required to turn on the taps. The table below describes some of the projects, processes and institutions that are working to lower the costs of doing business on First Nation land.

Turning on the Taps focused on innovative solutions from case studies, investor interviews and a literature review to reduce the time associated with the first two stages of land development: project initiation and designation (land use planning). From the Expanding Commercial Activity study, project initiation was four times longer than an average off-reserve development with the Squamish Superstore and land designation was three times longer with the Sun River project than would be the comparable land zoning process off-reserve.

Challenge	Description	Response
Reduce Search Costs	First Nations seem to do far less marketing of their jurisdiction and its sites than do other jurisdictions	
Incomplete separation of politics and administration	The separation of politics and administration sends a positive message to investors that the regulatory environment is fair and stable.	ITAB/FNTC Institution building and coordination (AFN & DIAND)
Build Administrative Capacity	Most First Nations have not developed administrative procedures for investment facilitation.	AFN-LTS Joint Initiative First Nation Financial Management Board (FNFMB)
Improve Regulatory Certainty	First Nations have not developed a body of law to govern land use and development.	A First Nation Land Management Act. ITAB/FNTC AFN-LTS Joint Initiative
Reluctance of the Crown to take risk	This problem manifests itself in the negotiation of lease documents.	A First Nation Land Management Act. AFN-LTS Joint Initiative
Develop Competitive Infrastructure	Most large investment projects on First Nation lands have required extensive infrastructure improvements.	ITAB/FNTC First Nation Finance Authority (FNFA)
Improve Access to Financing	Financing of both public infrastructure and private developments has been a significant obstacle to the development of First Nation economies.	(FNFA)

Comparison of Time Associated With Components of the Development Process



Lessons from Literature

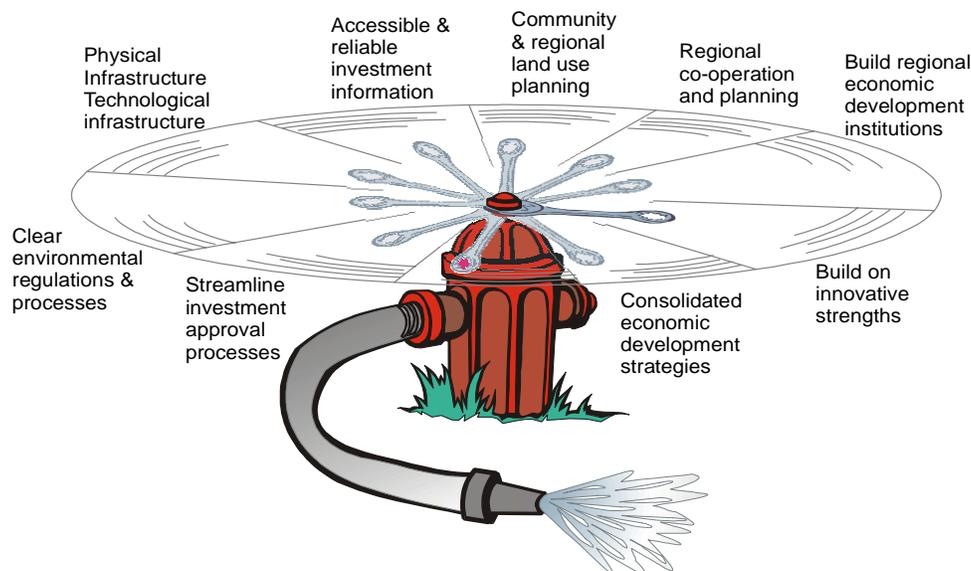
1. Support market forces.
2. Co-operate with neighbours to create a regional plan.
3. Build upon strengths and recognize weaknesses.
4. Public sector should provide institutions that the private sector will not provide on its own.
5. A low technology trajectory can involve substantial amounts of innovation.
6. Cultural homogeneity can enhance productivity.

Lessons from Investor Interviews

1. Large institutional investors have the resources to overcome regulatory uncertainty and higher costs of doing business.
2. Small and medium size enterprises require low costs of doing business to initiate projects. High costs of doing business are steering these crucial investors from First Nations.
3. All types of investors want access to reliable and timely information and transparent investment processes.
4. The most important consideration for resource industry investors is certainty of resource access.

Turning on the Taps of Investment Flow

The diagram below shows how the flow of investment to First Nations' land can be turned on. The diagram is read by starting immediately to the right of the fire hydrant and moving counterclockwise.



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