



TURNING ON THE TAPS OF INVESTMENT FLOW – EXECUTIVE SUMMARY

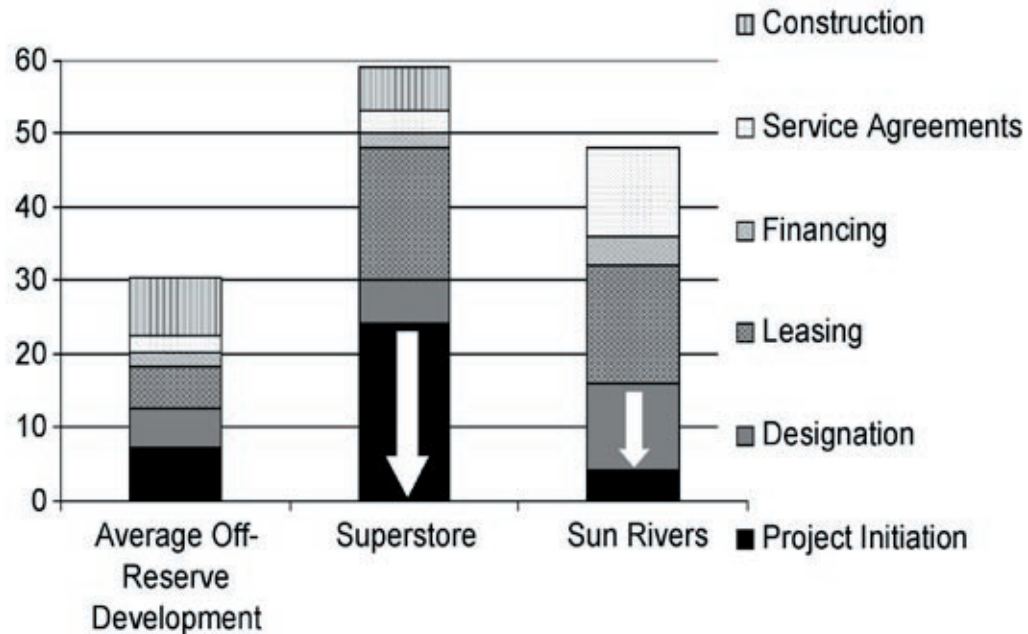
The costs of doing business on First Nations' land are high for a variety of reasons. A multi-faceted approach will be required to turn on the taps of investment flow. The table below describes some of the projects, processes and institutions that are working to lower the costs of doing business on First Nation land.

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
Build Administrative Capacity	Most First Nations have not developed administrative procedures for investment facilitation.	DIAND LTS Review process First Nation Financial Management Board (FNFMB)
Improve Regulatory Certainty	First Nations have not developed a body of law to govern land use and development.	<u>A First Nation Land Management Act</u> . ITAB/ FNTC LTS Review
Reluctance of the Crown to take risk	This problem manifests itself in the negotiation of lease documents.	<u>A First Nation Land Management Act</u> . DIAND LTS Review Process
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)

Expanding Commercial Activity identified six components to First Nation land development. Turning on the Taps focused on innovative solutions from case studies, investor interviews and a literature review to reduce the time associated with two components of land development: project initiation and designation (land use planning). From the previous study, project initiation was 4 times longer than an average off-reserve development with the Squamish Superstore and land designation was 3 times longer with the Sun River project than would be the comparable land zoning process off reserve.



Comparison of Time Associated With Components of the Development Process



Case Studies of Best Practices

- Co-operation with neighbours - Tzeachten Community, Chilliwack, BC.
- Appropriate Institutions to Capitalize on Strengths – The Meadow Lake Tribal Council.
- Ensuring Access to Resources – The Obedjiwan Community: an Attikamekw First Nation.
- Provision of public goods – Westbank First Nation

Lessons from Investor Interviews

1. Large institutional investors have the resources to overcome regulatory uncertainty and higher costs of doing business.
2. First Nations are losing engines of growth. Small and medium sized enterprises require low costs of doing business to initiate projects. High costs of doing business are steering these crucial investors away 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.

Governments Should Reduce Costs of Doing Business

Support market forces. The best use of public funds is to lower the costs of doing business. The record of publicly funded economic development projects – both on and off reserve is poor.



Fiscal Realities Economists

Co-operate with neighbours to create a regional plan. Economic planning and physical infrastructure provision is most efficiently done at a regional as opposed to a local level.

Build upon strengths and recognize weaknesses. Regions should be implementing strategies that utilize the natural advantages of their location.

Public sector should provide institutions that the private sector will not provide on its own. Regional economic planning, physical and technological infrastructure and economic development institutions are three public goods that are critical to investment facilitation.

A low technology trajectory can involve substantial amounts of innovation. It is too costly and risky for small regional economies to compete in high technology industries that require substantial investments into research. All industries must utilize advances in technology to produce goods and services in a more cost effective way that can be rapidly adapted to meet the demand of the market.

Cultural homogeneity can enhance productivity. A common culture can increase the level of trust and understanding required to create the relationships between companies that are essential for success.

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 counter clockwise.

