

First Nations Urban Development Areas (FNUDA)

Issue:

There is evidence that creating FNUDAs (commonly referred to as Urban Reserves) in communities across Canada are often challenging from a process and general public perspective. This is primarily based on beliefs of tax advantages offered to First Nations businesses and people, leading to an unfair competitive business environment. There also exists a belief by some that establishing FNUDA's would have an adverse impact on the social fabric of Manitoba communities.

Background:

First Nations Urban Development Areas are not only an important opportunity to engage Aboriginal people in Business and Employment opportunities with one of Manitoba's fastest-growing populations, but it is also an untapped economic development engine.

In fact, a Blog post on October 15, 2016, by the National Aboriginal Economic Board shows that, six communities have collectively created over 7,000 jobs and over \$77 million in annual economic activity benefiting both First Nations and neighboring municipalities.

Combined success of the six communities mentioned above include:

- Existing and planned investment estimated to exceed \$1.5 billion
- Current and anticipated investment has and will generate approximately 2,700 ongoing jobs held by reserve residents and approximately 4,400 ongoing jobs held by off-reserve residents
- Approximately \$77 million annually in support of off-reserve economic activity
- Over \$30 million annually in First Nation government revenues generated by the investment of the six urban reserves
- Approximately \$5 million annually in property taxes collected by non-First Nation local governments attributable to the investment of these six urban reserves.

In addition to quantifying the economic success of urban reserves, the report also identifies the five key factors that contribute to their success. These include infrastructure and services, governance, land management regime, own source revenues and community support. These factors were determined by interviewing key community members in each of the six cases.

While the term Urban Reserves once conjured up a negative response in many non-aboriginal communities, today there are ten Urban Reserves that have been created or exist in Manitoba and approximately another 55 in Saskatchewan. These developments have been successful in creating an economic stimulus in those communities and in fact have been instrumental in building the relationships between First Nations and the urban communities.

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A FNUDA represents an area within an urban zone that a First Nation owns and has surrendered to the Crown so that it be designated as reserve land for the First Nations. Such lands allow for First Nations business ventures to enjoy the same privileges as those on traditional reserve lands. For First Nations businesses, this means that they must apply through a laborious and long process through Crown-Indigenous Relations and Northern Affairs Canada and receive approval by way of Order-In-Council before receiving status as an Urban Reserve. Once approved, businesses and First Nations members who would have received tax benefits on traditional reserve lands as set out in the Indian Act are entitled to the same benefits on the Urban Reserve. Urban Reserves are under the jurisdiction of the First Nation governance not the municipality and therefore are not subject to Municipal, Provincial or Federal taxes and the Status First Nation employees working on reserve do not pay Provincial or Federal Personal Taxes.

However, for a FNUDA to receive City services, the First Nation must enter into a “Municipal Services Agreement”, that stipulates the services they will receive and the fee associated with those services. Municipal Service Agreements are negotiated on a case-by-case basis between the municipality and the First Nation and might include all the services provided to non-reserve businesses or specific services only such as policing, garbage, fire or emergency services.

In addition, the Provincial and Federal Governments have been clear in their direction and appetite for First Nations Economic Developments. They see Urban Reserves as an economic driver for not only the urban economy but in fact, the First Nations economy.

In summary, the Brandon Chamber of Commerce sees FNUDAs as positive opportunities to build economic development, enhance our business communities, and the Province’s openness to build strong relationships with our First Nation’s community.

Resolutions:

That the provincial government:

- **Work with Municipalities and the Manitoba Association of Municipalities and be proactive in building relationships with First Nations and supporting the development of FNUDAs in Manitoba.**
- **Support Municipalities in facilitating FNUDAs in their communities by developing a template Municipal Services Agreement for their customization that is based on best practices with regards to parity with non- reserve businesses in matters such as fees collected as compensation for tax loss, By-law compatibility and enforcement and dispute resolutions.**
- **Proactively inform Manitoba Municipalities of opportunities to leverage infrastructure funding from higher levels of Government for FNUDA projects and wherever possible support the Municipalities in their efforts to leverage existing infrastructure opportunities.**
- **Encourage and support with applicable information pieces, the Manitoba Business Community to proactively gain an understanding of First Nation Urban Development Areas and foster a business relationship with First Nation communities and FNUDA tenants conducting business in Manitoba.**