

The Fiscal Impacts of Westbank First Nation Self Government Agreement

Westbank self-government has been enormously economically successful since it was implemented in 2005. It has generated over \$480 million in investment based on building permits. The Westbank economy has grown by 466% or 21% per year based on estimates of Westbank GDP. For comparison, this is a rate of economic growth that is over 20 times faster than the BC economy which grew by 20.5% over that same period.

The fiscal impacts of Westbank self-government have been equally impressive. Westbank tax revenues have grown from \$6.2 million to \$15 million or a 9.2% annual growth rate. During the same period a selection of Canada's revenues have grown by 6.0% per year from \$36 million to \$64.5 million and a similar selection of BC revenues have grown by 9.8% per year from \$17 million to \$43 million. The fiscal impacts of Westbank self-government on selected BC and Canada revenues are summarized in the table below.

Growth in BC and Canada Revenues from Westbank Self Government

Tax Revenue - 2015 dollar's	2005	2015
Provincial		
Personal Income	11,796,007	17,994,573
Corporate Income	1,232,068	7,890,492
Sales Tax	4,080,058	17,502,818
Provincial Total	17,108,133	43,387,883
Federal		
Personal Income	29,947,473	39,531,660
Corporate Income	3,607,046	15,063,158
Sales Tax	2,490,357	9,916,588
Federal Total	36,044,876	64,511,406
TOTAL	53,153,008	107,899,289

It should be noted that the fiscal benefits of Canada and BC are underestimated because they only include income, sales and corporate provincial and federal tax revenues. Despite this caveat, the cumulative economic and fiscal benefits from Westbank self-government are even more impressive.

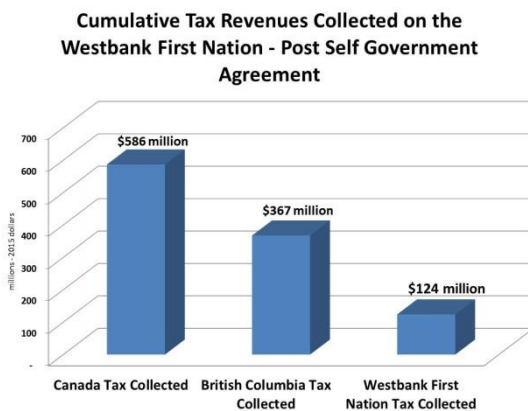
- Westbank self-government has added \$5.2 billion in GDP between 2005 and 2014.
- Since 2005 Westbank has generated over \$124 million in Westbank tax revenues.



- Canada has collected \$586 million in selected tax revenues from Westbank lands during this period.
- BC has collected \$367 million in selected tax revenues from Westbank as a result of self-government.

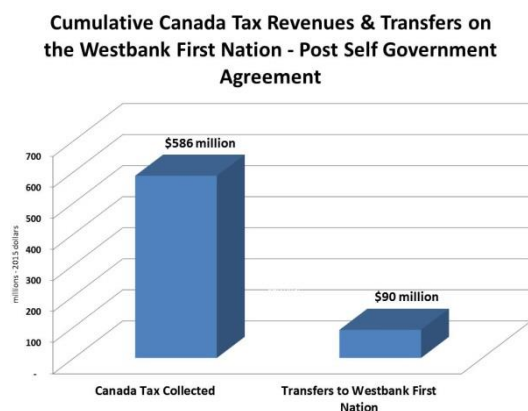
It is not difficult to suggest that Westbank self-government has benefitted all governments. Two observations may be of particular interest from this analysis.

Observation 1 – The fiscal beneficiaries from Westbank self-government in order of total revenues generated are Canada number 1, BC number 2 and Westbank number 3.



Revenues collected by Canada and British Columbia on the Westbank First Nation include personal and corporate income tax and sales taxes. Westbank taxes include property tax and the First Nation three-product tax.

Observation 2 – The Westbank First Nation has received significantly less in transfers from Canada to support Westbank self-government than Canada has generated from Westbank self-government. It is



estimated that Westbank has received \$90 million in transfers while Canada has collected \$586 million in taxes

This second observation is further supported by a recent calculation completed by Fiscal Realities for the First Nation Tax Commission. First Nation governments receive about \$12 billion in transfers to pay for services and infrastructure for status members. The First Nation

status proportionate share of the Canadian tax base should be \$20 billion.

The Westbank self-government fiscal impact analysis and observations are supported by the attached methods paper. Fiscal Realities will also prepare a slideshow presentation of results if requested.



Methods & Sources

Assessed Value

Westbank, Kelowna, and BC assessed value data was obtained from BC Local Government Statistics and the Westbank First Nation. This data was used to calculate assessed value growth, average annual assessed value growth (average of the yearly growth rates) and assessment proportions comparisons between Westbank and Kelowna and BC.

The table below demonstrates the significantly higher growth rate in Westbank assessed values post-self-government compared to pre self-government.

Property Classification	Westbank Annualized Growth Rate 2000-2005	Kelowna Annualized Growth Rate 2000-2005	Westbank Annualized Growth Rate 2006-2015	Kelowna Annualized Growth Rate 2006-2015
Residential	9.15%	12.83%	9.63%	5.90%
Utilities	1.21%	1.53%	4.76%	9.53%
Major Industry	N/A	3.21%	N/A	5.26%
Light Industry	8.90%	5.78%	11.47%	12.82%
Business/Other	2.76%	5.66%	26.12%	7.62%
Recreational/Non-Profit	10.47%	3.56%	-15.13%	3.31%
Farm Land	N/A	-0.20%	N/A	-1.07%
Total	8.32%	11.52%	12.06%	6.19%

New Construction

Building permit values were obtained from BC Statistics and the Westbank First Nation. Building permits are used to determine new construction and investment on the Westbank First Nation, City of Kelowna and BC.

The table below converts the building permit values to a per capita figure to allow comparisons between Kelowna and BC. As is evident, Westbank per capita building permit value exceed those of Kelowna in 7 of the 11 years since self-government was implemented. Westbank building permit values per capita exceed that of BC in 10 of the 11 years since the initiation of Westbank self-government.



Building Permits Per Capita – 2015 dollars			
	Westbank First Nation	Kelowna	British Columbia
2005	1,681	6,642	2,874
2006	8,582	4,210	3,157
2007	10,808	6,060	3,319
2008	5,972	4,883	2,698
2009	4,229	4,751	1,914
2010	4,898	3,205	2,366
2011	7,447	2,158	2,171
2012	3,647	2,132	2,464
2013	2,835	2,885	2,244
2014	3,618	2,599	2,418
2015	3,350	3,520	2,801

Westbank GDP

The Westbank First Nations GDP is estimated as a proportion of Westbank’s non-residential assessment base to the total BC non-residential assessment base. This proportion is measured using BC’s GDP in 2007 dollars to obtain a Westbank First Nation GDP estimate. This is considered a reasonable estimate because it relies on a measure of the actual commercial and industrial activity on Westbank lands. A population based estimate would not capture actual production on Westbank lands. As is evident, the estimate for Westbank GDP is nearing \$1 billion a year.

GDP - 2015 dollars	Westbank First Nation
2005	146,722,710
2006	161,730,342
2007	332,878,685
2008	373,052,394
2009	589,289,153
2010	600,756,457
2011	623,952,498
2012	740,789,844
2013	815,471,030
2014	830,624,140



Federal and Provincial Government Tax Estimates

Federal and provincial personal income taxes collected are estimated using the population proportion of the Westbank population to that of BC and Canada. This ratio is applied to income tax collected by both levels of governments obtained from their respective public accounts.

Provincial sales tax and corporate income taxes are estimated using the proportion of Westbank First Nation non-residential assessment to the total BC non-residential assessment base.

Federal sales tax and corporate income tax are estimated first by proportioning these taxes to BC using GDP, then to the Westbank First Nation, again using the proportion of Westbank First Nation non-residential assessment to the total BC non-residential assessment base. These ratios are then applied to corporate and sales tax for the federal and provincial governments. Personal, corporate and sales taxes were obtained from BC and Canada Public Accounts for 2000 through 2015.

Government Revenue Collected on the Westbank First Nation - 2015 dollars			
	Westbank First Nation	British Columbia	Canada
2005	6,256,990	17,108,133	36,044,876
2006	6,923,842	19,094,473	37,503,547
2007	8,604,421	26,953,785	46,549,276
2008	10,534,133	30,774,045	50,054,242
2009	11,465,134	37,159,036	57,419,639
2010	12,196,145	31,637,525	52,336,939
2011	12,366,609	33,202,546	53,585,030
2012	13,035,478	41,197,059	60,677,375
2013	13,749,782	44,992,503	64,998,282
2014	13,861,630	41,938,339	63,038,960
2015	15,099,471	43,387,883	64,511,406
	<i>Property and FNT</i>	<i>Personal & Corporate Income Tax and Sales Taxes</i>	



Federal Transfers to the Westbank First Nation

Federal transfers to the Westbank First Nation were obtained from INAC’s Schedules of Federal Funding.

Westbank First Nation Federal Funding - 2015 dollars	
2005	8,237,851
2006	9,860,596
2007	7,887,741
2008	7,462,938
2009	7,630,839
2010	7,875,626
2011	8,072,009
2012	7,988,433
2013	8,063,281
2014	8,296,251
2015	8,913,289

2015 Dollars

All numbers are reported in 2015 dollars.



Sources

- A. Tax Rates & Tax Burden. BC Local Government Statistics. Retrieved from http://www.cscd.gov.bc.ca/lgd/infra/statistics_index.htm
- B. Statistics Canada. Table 384-0038 - Gross domestic product, expenditure-based, provincial and territorial, annual (dollars unless otherwise noted), CANSIM (database).
- C. Statistics Canada. Table 051-0001 - Estimates of population, by age group and sex for July 1, Canada, provinces and territories, annual (persons unless otherwise noted), CANSIM (database).
- D. Statistics Canada. Table 384-0038 - Gross domestic product, expenditure-based, provincial and territorial, annual (dollars unless otherwise noted), CANSIM (database).
- E. Building Permits, Statistics Canada, Produced by BC Stats (www.bcstats.gov.bc.ca).
<http://www.bcstats.gov.bc.ca/StatisticsBySubject/Economy/BuildingPermitsHousingStartsandSales.aspx>
- F. Statistics Canada. Table 326-0021 - Consumer Price Index, annual (2002=100 unless otherwise noted), CANSIM (database).
- G. Statistics Canada. Table 051-0001 - Estimates of population, by age group and sex for July 1, Canada, provinces and territories, annual (persons unless otherwise noted), CANSIM (database).
- H. Public Accounts of Canada 2000 through 2015 Volume I Summary Report and Consolidated Financial Statements
- I. Public Accounts – BC Ministry of Finance, Office of the Comptroller General - For the Fiscal Year Ended March 31, 2000 through 2015

