First Nations Modern Annuity

A Guaranteed Income for FN People

MAWG
Modernized Annuity Working Group
2024

Draft

The BIG Forum: Basic Income Guarantee
University of Ottawa, May 23-26, 2024

Great Gray owl, AB. Photo by James Burns

First Nations Modern Annuity

Prepared by the Modernized Annuity Working Group (MAWG)

MAWG is a grassroots Indigenous and non-Indigenous team that has identified modernizing First Nations annuities as a critical first pillar for achieving a guaranteed income and economic autonomy.

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Photo, page 1
Top: Treaty 1 Pow Wow dancers, MB. Photo by Kate Morrison

May 2024

What are Treaty Annuities?

Beginning in 1850, the British Crown initiated annual payments to every man, woman, and child who was a member of a band that signed a treaty, involving about 60 percent of FN people.

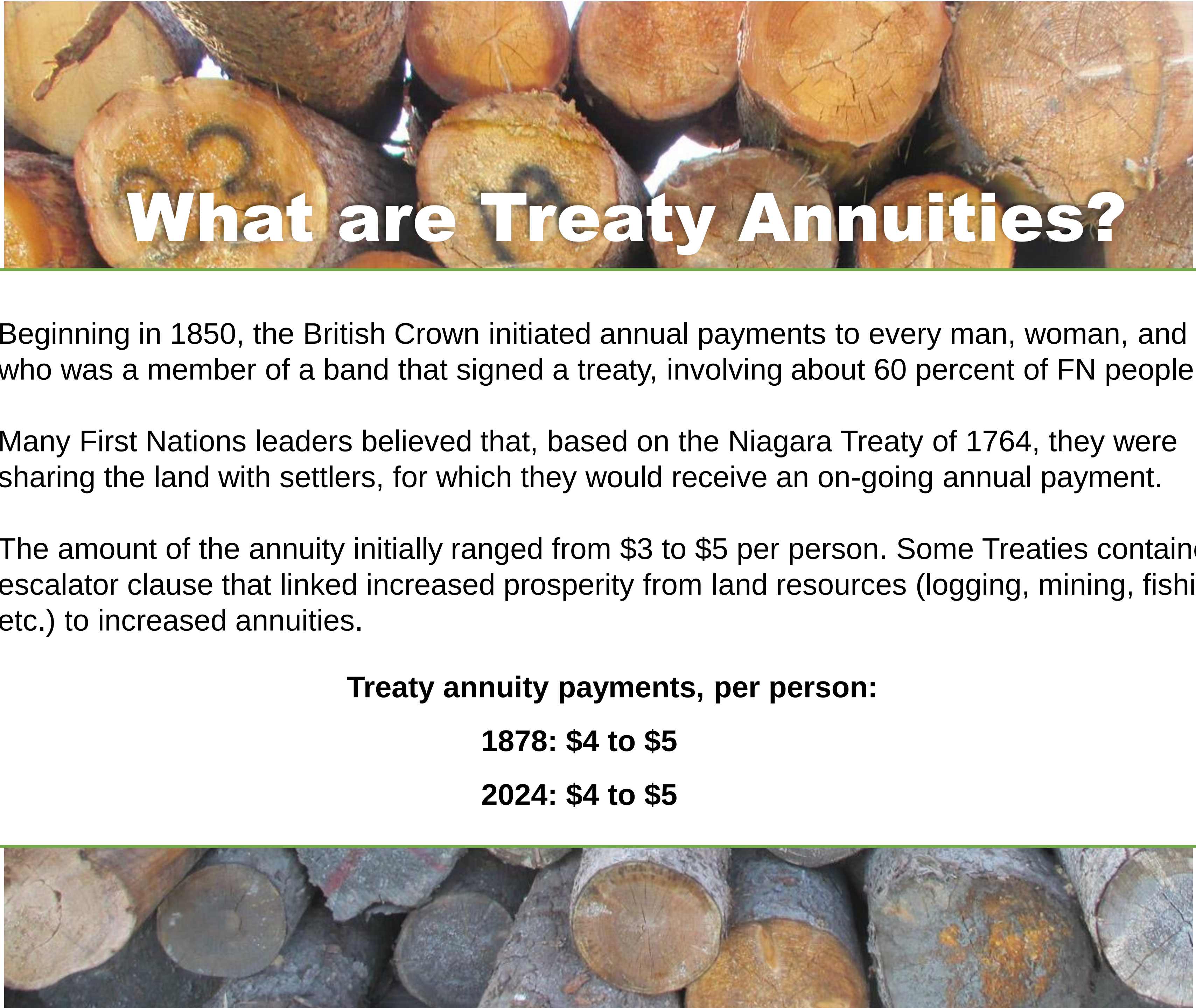
Many First Nations leaders believed that, based on the Niagara Treaty of 1764, they were sharing the land with settlers, for which they would receive an on-going annual payment.

The amount of the annuity initially ranged from $3 to $5 per person. Some Treaties contained an escalator clause that linked increased prosperity from land resources (logging, mining, fishing, etc.) to increased annuities.

Treaty annuity payments, per person:

1878: $4 to $5

2024: $4 to $5



Lumber mill logs, ON.
Photo by James Burns

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Treaty 5 Summit, MB, 2018. Photo by James Burns

Historic intent and purpose of FN annuities

Treaty annuities provided two key benefits for First Nations people:

1. A **guaranteed livelihood support** for individuals and families within the band collective that provided:
    - a degree of economic independence and autonomy,
    - a supplement to traditional means of supporting families such as hunting, trapping and fishing,
    - assistance to adapt to lifestyle changes due to settlement;

2. A vehicle for **sharing the prosperity** derived by Settlers from traditional lands.

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Canada's Parliament Buildings, Ottawa, ON.

Why have Treaty annuities not increased?

Three key reasons:

1. The Parliament of Canada last voted to increase Treaty annuities in 1878. The Government thereafter adopted a policy of strict monetary nominalism for annuities, effectively freezing them at the 1878 value of $4 or $5.

2. When First Nations leaders began challenging federal Indian policies, the Government amended the *Indian Act* to criminalize raising money by FN leaders to hire legal counsel. That law remained in effect from 1929 to 1951.

3. When First Nations leaders then turned to the courts for Treaty annuity redress, Government lawyers threw up procedural roadblocks to deny FN people standing in law suits in provincial and federal courts, or through the federal Specific Claims Tribunal.

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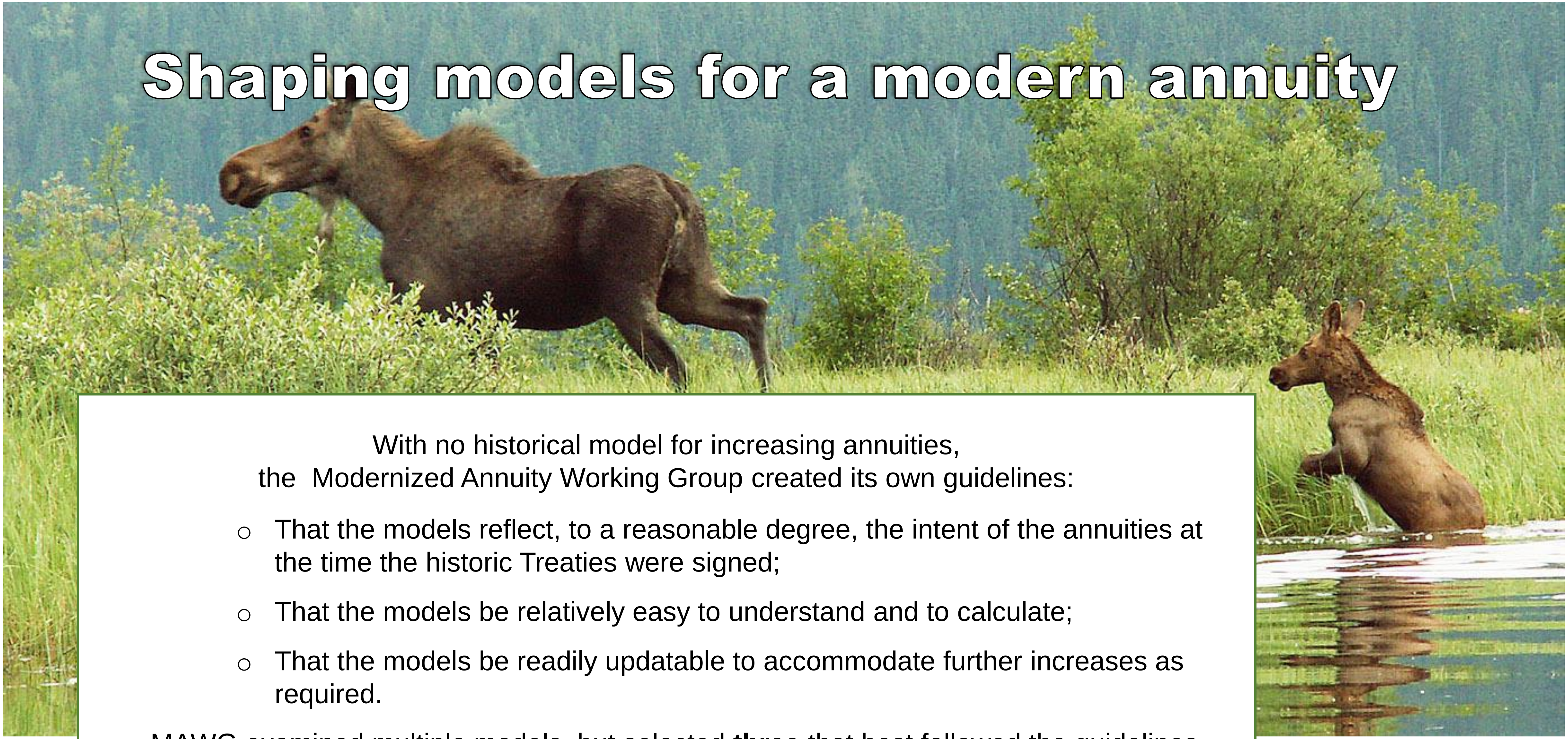
Shaping models for a modern annuity



Bowron Lakes, BC. Photo by James Burns

With no historical model for increasing annuities,
the Modernized Annuity Working Group created its own guidelines:

- That the models reflect, to a reasonable degree, the intent of the annuities at the time the historic Treaties were signed;
- That the models be relatively easy to understand and to calculate;
- That the models be readily updatable to accommodate further increases as required.

MAWG examined multiple models, but selected **three** that best followed the guidelines.

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Yukon River, YT. Photo by James Burns

1. Historic Livelihood Support Model

The historic annuity served a valuable role in aiding FN people to continue pursuing traditional means of livelihood, and it also helped them to adapt to changes brought by settlement.

Wage-based calculation:

- In 1870, the $25 in annuities for a family of five was equivalent to one-third to one-half of a year's wages for an "unskilled labourer" in Toronto or Montreal.
- In modern-day Canada, one-third to one-half of the minimum wage for workers in Toronto and Montreal would be roughly $9,330 to $15,000.

Divided among five family members, it would translate into an individual modern annuity equivalent of **$1,870 to $3,000 per person per year**.

Trapping outfitter calculation:

- In 1879, the $25 in annuities for a family of five could outfit a trapper for the winter.
- In modern-day Canada, trappers who earn their livelihood from trapping spend an average to $32,500 per year to outfit themselves.

Divided among five family members, it would translate into an individual modern annuity equivalent of **$6,500 per person per year**.

The Historic Livelihood Support Model links the value of livelihood supports from the era of historic Treaty agreements to the present day.

Bay of Fundy, NB. Photo by James Burns

2. Federal Income Support Model

The valuation of historic annuities was subject to negotiation, conditioned by politically-set budget constraints. A similar process is used by the Federal Government in setting the value of programs such as the Canada Child Benefit ($6,275 – $7,437 per year) and Old Age Security ($8,560 per year).

The numbers for CCB and OAS are arbitrary; governments set these as a matter of policy rooted in some assessment of what might be politically acceptable, what is affordable, and what serves as a meaningful measure of support.

MAWG determined that a reasonable measure of sharing the prosperity of the land would be of similar value to CCB or OAS, or about
$7,500 per person per year.

The Federal Income Support Model mirrors the process used during the historic Treaty negotiations to arrive at an annuity value.

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Seven Sisters Falls hydroelectric dam, MB. Photo by James Burns

3. Land-based GDP Model

Statistics Canada uses the North American Industry Classification System for detailed figures on economic activity across Canada to produce quarterly reports on the Gross Domestic Product.

MAWG looked at land-based activity measured by the GDP for agriculture—from market gardens in Ontario to canola fields in Saskatchewan to vineyards in BC—along with forestry, fishing, hunting, mining and energy production, and including land-based tourism such as golf courses, ski hills, parks and fishing camps.

- Based on a per capita share of land-based GDP economic activity for 2021, a modern annuity would be **$7,025 per person per year**.

But MAWG also considered the processing of products derived from the land, such as wineries, flour mills and smelters.

- Based on the GDP economic activity for October 2021, including processing, a modern annuity would be **$8,810 per person per year**.

The Land-based GDP Model uses a per capita share of land-based economic activity as a stand-in for the prosperity generated on traditional lands, and the data are readily available.

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❖ RECOMMENDATIONS

Modern annuity value:

- That a modern annuity be valued at **$7,000 to $9,000 per person per year**

Eligibility:

- That all Status First Nations people (Registered Indians) resident in Canada be eligible for a modern annuity.

Administration:

- That the annuity by administered by the Canada Revenue Agency in the same manner as OAS, outside of the *Indian Act*.

Treaty 5 Pow Wow dancer, MB. Photo by Kate Morrison

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Comparing modern annuities and basic income

Prairie canola field and grain elevator. Photo by Sheilla Jones

Similarities:

- The income support is guaranteed, predictable, and unconditional.
- The payment is made directly to the recipient (or legal guardian).
- Recipients have the freedom to utilize their benefits as they choose.
- It is simple and cost-effective to administer.
- Recipients are likely to see positive indicators such as improved health care, education, employment, and mental health.

Differences: Modern Annuities…

- honour the intent of the historic Treaties to share the prosperity of the land.
- are an important step for freeing FN people from controls imposed by the *Indian Act*.
- are limited to Status First Nations people in Canada.

Both are pathways out of poverty.

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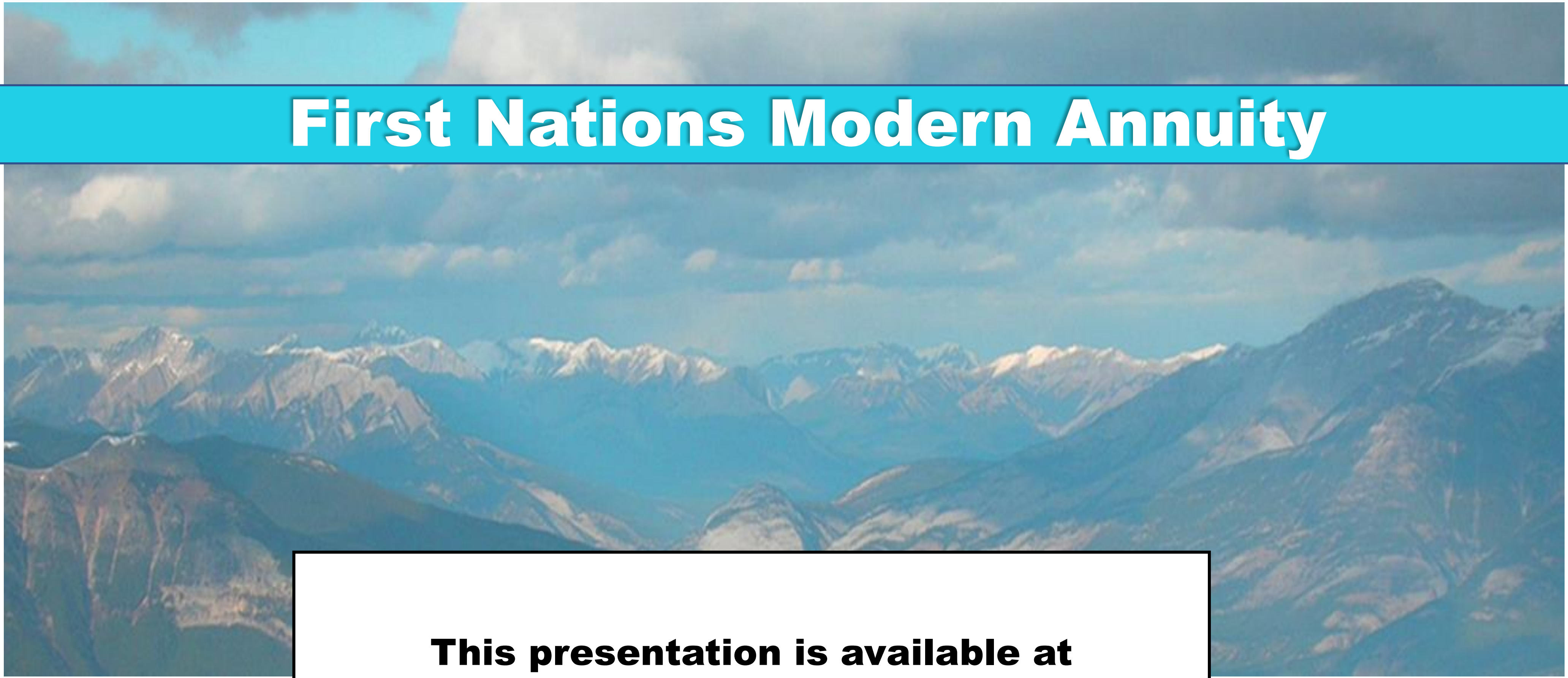

Canadian Rocky Mountains. Photo by Sheilla Jones

This presentation is available at www.mawg.ca.

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Extra slide

Bison herd. Photo by James Burns