



---

## Background Paper on First Nation Economic Opportunities

---

### Vision:

- The creation and maintenance of sustainable and successful First Nation economies built on a coherent First Nation economic development strategy, including:
  - Recognition and implementation of First Nation control and decision-making in matters related to the First Nation economy including lands and resources
  - Coordination and Integration of existing policy development and program delivery in support of First Nation control
  - Sustainable funding to support strategic investment and the development of local economies.

### Issue Statement

- As the Royal Commission of Aboriginal Peoples firmly concluded, self-government without a significant economic base would be an exercise in illusion and futility. However, re-building the First Nation economy is a particular challenge given that our economies have been severely disrupted over time, marginalized, and largely stripped of their land and natural resource base. The consequences of this reality are evident in employment and income levels that continue to lag far behind Canadian standards. Furthermore, the rapid increase of the Aboriginal population means that thousands of additional young people will be entering the labour market over the next two decades. RCAP estimated that more than 300,000 jobs will be needed for Aboriginal people in the period 1991 to 2016 to accommodate growth in the Aboriginal working-age population and to bring employment levels among Aboriginal people up to the Canadian standard.
- Transformative change also means that governments must formally recognize the right of self-determination of First Nations peoples under international law.

### Key Objectives:

#### Strategic:

- Creating a sustainable resource base for First Nation governments through supporting and providing assistance to ensure that First Nations are full and effective participants in all resource negotiations; building a competitive First Nation investment climate





through improved infrastructure and employment strategies; and working with government and the private sector to identify economic opportunities and partnership.

## **Key Objectives / Discussion Topics:**

- 1. Improved First Nation government infrastructure and capacity**
- 2. Improved Access to Capital and Investment**
- 3. Greater Opportunities and Advantage from Lands and Resource Development**
- 4. Improving Regulatory/Legislative frameworks to facilitate Economic Opportunities**

### **Improved First Nation government infrastructure and capacity**

- A small number of First Nation communities have managed to advance their economic position to a dynamic state, with very low or virtually non-existent levels of unemployment, and a continuous stream of opportunities being explored. However, with this noted, there still remain issues and challenges for the majority of First Nation communities in moving their economy from a developmental economic stand point into an emerging economy, or from an emerging economy and into a dynamic economy.
- Programs and service levels exist in extremely varied levels. While some communities have a sophisticated economic development strategies, business development services, programs and/or incentives, there are many communities that operate with an incomplete range of plans or services.
- New infrastructure, investments in funding and human capital are required to realize community potential. Investments must also be complemented by support, coordination and integration of development programs in order that community governments may evolve.

### **Improved Access to Capital and Investment**

- Improved access to capital and investment is required as well as reducing economic leakage. At present, the federal government has increased funding for economic development without due consideration of the program and service development needs of First Nation governments.





- Access to capital has been, and continues to be, difficult for many communities and First Nation citizens seeking to start, expand or acquire a business. Concerns around criteria appropriateness to community priorities exist, and supportive information being requested in an untimely fashion. To assist in remedying this issue, reorganizing how the structure of applications is received and approved to increase efficiency is needed, as well as setting up equity bases to be controlled by First Nations.
- One of the recurring issues when discussing the ability of a First Nation to effectively plan and realize economic development strategies is the effort to make due with CEDP funding levels that have not increased with inflation<sup>1</sup>, or population growth<sup>2</sup>, in more than a decade. In addition, the issue is further compounded by cutbacks of 35-40% nationally during that period. The CEDP holds an envelope of approximately \$45.0 million in discretionary funding. The fund is distributed based on the 1989 per capita formula model. The CEDP needs to be refitted to meet the demands of the local and regional circumstances.
- Fiscal arrangements need to strike an appropriate balance between “flexible” and “focused” funding objectives, however formulae that guide distribution of funding must be based on First Nation principles and objectives.

## Improving Economic Opportunities from Lands and Resource Development

- a) Canada and mainstream sectors have built tremendous wealth from the resources of the country. (see full dialogue paper for statistics)
- b) Establishing a First Nation capacity to uptake a small percentage (1%) of this resource development wealth in each sector would make a tremendous difference in First Nation communities (if simply applied against what the forestry, energy and mining areas represent to their industry as “economic engines” and “GDP” contributors could amount to over \$10.0B). To be competitive in these natural resource development sectors, First Nations require a well equipped labour force, partnering opportunities, contracting opportunities and economic benefits outlined at the onset of resource development agreements
- c) From a First Nations economic view point, fundamentally access to land and natural resources represent some of the most critical issues faced by First Nations. Some of the economic-oriented challenges include:
  - o extremely limited access to resources,

---

<sup>1</sup> Inflation at a rate of 3% per year on the base level funding (not including the funds that were cutback starting at year two of strategy) would after 15 years amount to approximately \$25.0 million reduced capacity of the program.

<sup>2</sup> Population growth from 1989 to 2002 represents 51.%, or 238,514 increase in population counts.





- lack of agreements to benefit from activity conducted on traditional territories,
  - cumulative losses such as wage earnings by citizenry resulting from lack of access,
  - a legislative environment that has much difficulty in working with First Nation economic interests to progress beyond the framework of the Indian Act,
  - a lack of process in how and when First Nations are involved in processes and decisions before lands and resources deals are struck, and importantly
  - effects to traditional economies.
- d) As one starting point, AFN recommends a task force be established to recommend options to support First Nations in efforts to manage, maintain and exercise First Nation rights and responsibilities over resources in traditional territories including the forests, mining and energy sectors.

## Improving Regulatory/Legislative frameworks to facilitate Economic Opportunities

- As noted previously, funding designated to assist communities in economic development activity, such as with the CEDP, are categorized as “discretionary funding”. This leaves the funding exposed to many issues such as meeting the requirements of other federal priorities, and having to regularly justify the purpose and intent of an economic fund.
- Two critical issues must be addressed in accordance with the funding issues:
  - a) **Funding must aim to support sustainable economies** and therefore support capacity and other development requirements in accordance with the real circumstances of First Nations;
  - b) a legal framework to safeguard the intent of the funding should be considered.
- Plan for regulatory frameworks to support First Nation involvement in resource development decision making processes and planning for increased economic benefits.
- Recognizing and building on the existing infrastructure within First Nations: **increase program integration and enhanced budgets** rather than creating competing programs.
- Labour force issues: Working to **coordinate jurisdictional overlaps**, funding support for literacy and upgrading be stabilised and enhanced for all potential candidates





- Reporting: Accountability and reporting frameworks need to be adjusted to reflect the Auditor General's findings that First Nation communities and their structures are burdened with excessive reporting requirements
- Ensuring First Nations are full participants in securing connectivity targets.
- Ensuring First Nations have the opportunity to guide and fully participate in meeting national Kyoto targets, implementation and in the "Kyoto economy".
- Ensuring a role for First Nation participation in existing and new trade agreements.

## Results:

### Short term

- Federal re-engagement through a national initiative/task force to identify a framework for a renewed First Nation national economic strategy.
- Facilitating and fostering participation in resource development through research on best practices for First Nations/Government/private sector resource management activities, that are respectful of inherent rights.
- Developing regional partnership and community planning models so that we can participate fully in regional economic opportunities.
- Confirming First Nation infrastructure program in connection with Infrastructure Canada.
- Developing companion national strategies that promote or coordinate labour force/labour market/ employment development.
- Improved coordination and integration of programming and jurisdictional authorities in support of First Nation governments.
- Discussion on economic Partnering Opportunities, such as with the Public Private Partnerships model. We need to put more emphasis on these opportunities to widen the scope/ breadth of our economies. (ie. Facilitating/ negotiating greater benefits from resources development initiatives; data collection from reports to IC/INAC/HRSD/CMHC/... may be better managed by a First Nation business; policies revisions needed to ensure that economic or socio-economic impacts are maximized in large tendered contracts to construct community facilities.

### Longer Term

- Increased recognition of First Nation Government jurisdiction over the First Nation economy
- Increased First Nation participation and control in resource development activities
- Increased First Nation connectivity





- Investment in new technologies to secure the connectivity of First Nations and facilitating opportunities to take advantage of emerging markets and trends.
- Building connections with potential investors so that First Nations can attract and expand businesses in our communities.
- Greater access to venture capital

## Cross-cutting Issues

### Women and Youth

- Women and youth must be key participants in developing and accessing economic and employment opportunities; decision making processes; natural resources and stewardship involvement
- Economic and employment parity will support the political, cultural, social and health fabric of the community

### Urban

As First Nations governments are recognized and implemented, the full First Nation citizenry must have access to economic opportunity- regardless of residence:

- The current funding framework does not provide the type of assistance necessary for communities to consider how to reach urban residents. An expansion program is required to further empower community priorities and evolution needs, in areas they prioritize, such as with business services to a greater number of citizens.

### Languages

- Economic development can help alleviate some of the negative pressures on a community to allow for positive reinforcements on other community priorities such as language, culture, and recreation.
- A healthy economy is one of several underpinnings to a healthy community. If due to economic circumstances, the community is pressured to find remedies to social and health issues, then it will not have the ability to assure priority (time, funds) to the language and cultural needs of the community.

### Environment

- Environmental stewardship issues are intrinsically tied to economic development. Environmental considerations need to be involved in all policy discussions dealing with economic development.

