

**SHARING CANADA'S  
PROSPERITY –  
A HAND UP,  
NOT A HANDOUT**

**Final Report**

**Special Study on the involvement of  
Aboriginal communities and businesses in  
economic development activities in Canada**

The Honourable Gerry St. Germain, P.C.  
*Chair*

The Honourable Nick Sibbeston  
*Deputy Chair*

**Standing Senate Committee  
on Aboriginal Peoples**

March 2007



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38<sup>th</sup> Parliament, 1<sup>st</sup> Session (October 4, 2004 – November 29, 2005)

**APPENDIX D**

Witnesses Heard and Briefs Submitted

39<sup>th</sup> Parliament, 1<sup>st</sup> Session (April 3, 2006 - ...)

**THE STANDING SENATE COMMITTEE ON ABORIGINAL PEOPLES**  
**39<sup>TH</sup> PARLIAMENT, 1<sup>ST</sup> SESSION**  
(April 3, 2006 - ...)

The Honourable Gerry St. Germain, P.C.  
*Chair*

The Honourable Nick G. Sibbeston  
*Deputy Chair*

and

The Honourable Senators:

Larry W. Campbell  
Lillian Eva Dyck  
Aurélien Gill  
Leonard Gustafson  
\*Céline Hervieux Payette, P.C. (or Claudette Tardif)  
Elizabeth Hubley  
\*Marjory LeBreton, P.C. (or Gerald Comeau)  
Sandra Lovelace Nicholas  
Robert W. Peterson  
Hugh Segal  
Charlie Watt

\*Ex officio members

*Other Senators who have participated from time to time on this study:*  
The Honourable Senators Andreychuk, Banks, Cochrane, Cook, Johnson,  
Nolin, Smith, P.C., Trenholme Counsell, Tkachuk and Zimmer.

*Committee Clerk:*  
Gaëtane Lemay

*Analysts from the Parliamentary Information and  
Research Service of the Library of Parliament:*  
Tonina Simeone  
Frédéric Beauregard-Tellier  
Lisa L. Patterson





**THE STANDING SENATE COMMITTEE ON ABORIGINAL PEOPLES**  
**38<sup>TH</sup> PARLIAMENT, 1<sup>ST</sup> SESSION**  
(October 4, 2004 – November 29, 2005)

The Honourable Nick G. Sibbeston  
*Chair*

The Honourable Gerry St. Germain, P.C.  
*Deputy Chair*

and

The Honourable Senators:

\*Jack Austin, P.C (or William Rompkey, P.C.)

John Buchanan, P.C.

Larry W. Campbell

Andrée P. Champagne, P.C.

Ione Jean Christensen

Leonard Gustafson

\*Noël A. Kinsella (or Terrance Richard Stratton)

Sandra Lovelace Nicholas

Robert W. Peterson

Charlie Watt

Rod A. A. Zimmer

\*Ex officio members

*Other Senators who have participated from time to time on this study:*

The Honourable Senators The Honourable Senators Adams, Angus, Banks, Fitzpatrick,  
Forrestall, Gill, Hubley, Léger, Mahovlich, Mercer,  
Pearson, Tardif and Trenholme Counsell.



## **ORDER OF REFERENCE**

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Extract from the *Journals of the Senate*, Tuesday, May 9, 2006:

The Honourable Senator St. Germain, P.C., moved, seconded by the Honourable Senator Segal:

That the Standing Senate Committee on Aboriginal Peoples, in accordance with rule 86(1)(q) of the Senate, be authorized to examine and report on the involvement of Aboriginal communities and businesses in economic development activities in Canada. In particular, the Committee shall be authorized to investigate elements that enable Aboriginal communities and businesses to succeed and obstacles to their achievement in all areas of the economy, including but not limited to: large-scale industrial developments such as pipelines; non-renewable resource developments in oil, gas and mining; renewable resource development; tourism; business services; and other related matters;

That the papers and evidence received and taken during the First Session of the Thirty-Eighth Parliament be referred to the Committee;

That the Committee report to the Senate from time to time, but no later than June 30, 2007 and that the Committee retain until September 1, 2007, all powers necessary to publicize its findings.

After debate,

The question being put on the motion, it was adopted.

Paul C. Bélisle

*Clerk of the Senate*



In November 2004, the Standing Senate Committee on Aboriginal Peoples agreed to undertake a study examining issues concerning Aboriginal economic development. In particular, the Committee sought to understand what accounts for the economic success of some Aboriginal communities, while others have not achieved success despite advantages of resources and location.

Over the two-year course of the study, the Committee held 31 meetings and heard from 155 witnesses. Public hearings took place in Ottawa, Alberta, British Columbia, northern Ontario, Manitoba and Saskatchewan and the Committee undertook fact-finding initiatives to: Halifax and Millbrook First Nation in Nova Scotia, the Kahnawá:ke Mohawk reserve situated in Québec; and the Lac La Ronge Indian Band located in northern Saskatchewan. The Committee also heard from a number of Aboriginal and industry representatives in the Northwest Territories.

Aboriginal people in this country shoulder an immense historic burden. Most relied on subsistence economies based on hunting, fishing and trapping. European business culture was unfamiliar and efforts to bring them into the mainstream were frequently misconceived and often destructive. Relegated to small unproductive parcels of land and isolated from mainstream economies, they were unable to maintain their own economic systems or participate in the post-colonial one, except at the margins. The result was, and is, a significant “economic gap” between Aboriginal people and the Canadian population, generally. Despite considerable efforts by successive governments to improve the social and economic conditions of Aboriginal people, many continue to lag behind the rest of the Canadian population when measured against nearly every social and economic indicator.

The Committee believes that assisting Aboriginal communities build their economies and position themselves to take advantage of economic opportunities is vital to addressing existing social challenges. Indeed, in many instances, it is impossible to imagine how social conditions will improve without meaningful support for the development of an adequate economic base and increased participation in mainstream local and regional economies.

In dozens of communities across Canada, Aboriginal involvement in economic development activities has done more to change the lives of Aboriginal people in the last decade than any number of government programs. Where the seeds of economic action have taken root, they have blossomed. Guided by visionary leaders, these communities made the leap to the modern industrial economy, often in a single generation. These remarkable successes, many of which are documented in this report, have changed the future of communities and contributed to the economic well-being of entire regions.

Nevertheless, the Committee is aware that, for a significant segment of the Aboriginal population, some of whom continue to struggle to acquire even the most basic services, for their communities, such as adequate housing and health care, the promise held by economic development may still be far away. Over the course of the study, some

Committee members, such as Senator Aurélien Gill, expressed ongoing concern that other, more pressing issues affecting Aboriginal people warranted greater focus and priority by the Committee. The dire conditions and challenges in a number of Aboriginal communities throughout the country, such as Kashechewan or Pikangikum, are urgent and require immediate attention. The report's focus on economic development should not overshadow these important issues.

Ensuring that Aboriginal people share in the economic wealth and prosperity of this country, however, is essential to achieving improved social outcomes. The two are inextricably linked. Moreover, continued dependency on government transfers and economic marginalization is unacceptable to Aboriginal people. They want a hand up, we were told, not a handout.

The Committee recognizes the common commitment Aboriginal people share in wanting to re-build and build their economies. In this report, we put forward a number of practical proposals, based on the evidence before us, which, if implemented in a serious and dedicated fashion by the federal government, we believe will lead to improved economic outcomes for Aboriginal people and, indeed, for Canada as a whole.

Aboriginal people share a common commitment to address the economic challenges facing their communities. Though not widely recognized, many communities throughout the country are beginning to experience economic success in areas ranging from small business development to larger scale commercial projects. Aboriginal people can, and have, succeeded on “their own terms”, adapting mainstream business practices to their own strongly held values and cultures. For complex reasons, others continue to struggle. The report seeks to identify why certain Aboriginal communities are succeeding economically, while others are not.

Aboriginal communities experiencing economic success are extremely diverse in size, location, and resource wealth. However, the study indicates that these communities share some basic elements. These are:

- stable leadership and vision
- appropriate interplay between politics and business
- legitimacy of economic activities to the community
- strategic use of available resources
- qualified labour pool
- willingness to form partnerships with other Aboriginal communities and with the private sector in the pursuit of economic opportunities.

The report also identifies some critical barriers to Aboriginal economic development, including:

- legislative and regulatory aspects of the *Indian Act*
- limited access to lands and resources and capacity to develop those resources
- lack of institutional mechanisms to support economic interactions
- insufficient education and training
- limited access to capital
- non-competitive physical infrastructure

First Nations’ communities, by virtue of the *Indian Act*, are impeded from developing their economies and attracting investment. The report concludes that, as a result of the *Act*, market forces do not operate properly on Indian lands, thus substantially raising the costs of doing business on reserve. Efforts to modernize outdated and restrictive processes should be supported, expanded and adequately funded.

Limited access to lands and resources is also identified as a barrier to wealth generation that must be addressed as an urgent priority. A redistribution of those resources through, for example, the timely settlement of land claim and treaty land entitlement agreements as well as the negotiation of resource revenue sharing arrangements within traditional territories, is seen as essential to “unlocking” economic opportunities for Aboriginal people. However, as fundamental as greater access to lands and resources is to the wealth of Aboriginal communities, the report suggests that, alone, it is no guarantor of success.

Successful economic development depends on a community's capacity to manage and develop those resources to its economic benefit. Without this capacity, the economic value of lands and resources will be limited.

Indeed, the lack of governance capacity and targeted, market institutions, as well as limited access to mainstream institutions, has severely undermined the economic development prospects of Aboriginal people. In order for Aboriginal people to become meaningful players in the Canadian economy and to develop and manage their own economies, serious attention must be given to developing appropriate institutional arrangements.

Similarly, insufficient education and training are key impediments to greater Aboriginal participation in the economy. Aboriginal people in the labour force tend to be employed in less-skilled, lower paying positions. In an increasingly knowledge-based and technology-focused economy, improved education levels and greater skills training are essential for sustainable, long-term economic and community development. The Committee found, however, that better linkages between education and employment are required to meet the needs of Aboriginal people. Incorporating trades training in high schools as well as strengthening literacy programs are important to improved economic well-being.

Increasingly, Aboriginal people view economic development as fundamental to reshaping their social outcomes and are asking that this area be afforded much greater priority by governments. The report suggests that the time has come for the federal government to stop treating Aboriginal economic development as "discretionary". The federal government must make meaningful investments in Aboriginal economic development, anchored by a newly formulated Canadian Aboriginal Economic Development Strategy designed to meet Aboriginal economic development aspirations and achieve measurable results. This strategy should take a coordinated and integrated approach across sectors, connecting to education, skills development and training, infrastructure development, institutional and governance capacity, capital development and access to lands and resources.

Ultimately, economic development must make sense to the communities undertaking, and affected by, that development. Economic development practices that do not resonate with the values and culture of Aboriginal communities will likely not be supported and are therefore unsustainable. In this light, the report also looks at the economic value of traditional economies, often under-reported in official statistics. The Committee finds that governments have an important role in ensuring that Aboriginal people have the necessary mechanisms to control the scope and pace of development within their traditional territories.

The continued economic marginalization of Canada's rapidly growing Aboriginal population is no longer tenable and can have serious consequences in those areas of the country with significant Aboriginal populations. The report provides concrete, pragmatic advice to governments at all levels – federal, provincial, territorial, Aboriginal – to help further stimulate economic activity in Aboriginal communities that are already making progress and, in the case of those that are struggling to help create some of the conditions



that can lead to success. The Committee firmly believes that even though not all Aboriginal communities may be able to do well economically, all can do *better*.

## **THE COMMITTEE'S RECOMMENDED APPROACH**

The Committee's report makes 17 recommendations. Together, these recommendations form the basis for implementing a new approach to Aboriginal economic development, grouped into the following seven areas:

### **1. Renewed Federal Approach to Aboriginal Economic Development**

Government programs have undoubtedly assisted some communities in taking steps towards economic self-reliance. However, the results have been sporadic, and the overall approach has been piecemeal and largely ineffective in eliminating the social and economic disparities experienced by Aboriginal people. Recent arbitrary cuts to existing economic development programs have made the matter considerably worse. Making meaningful investments in Aboriginal economic development is crucial. The demographic projections and implications of a young and growing Aboriginal population suggest that we can ill afford not to make such commitments. A growing underclass of disenfranchised Aboriginal citizens would come at a significant cost to us all. However, to be effective, such investments must be anchored by a policy framework designed to meet Aboriginal economic development aspirations and achieve measurable results. In this section we propose that the federal government recast its current approach to Aboriginal economic development and recommend:

- **Making meaningful investments in economic development, including working with provincial and territorial governments to establish regional economic development funds;**
- **Renewed policy framework to anchor those investments;**
- **A central economic development agency to integrate, deliver and develop programming.**

The Committee recognizes that developing a new policy approach could take some time. In the interim, however, the federal government should *immediately* act to:

- **Rescind funding cuts that were made to the Department of Indian Affairs and Northern Development's equity programs;**
- **Address the outstanding issues around the federal Procurement Strategy for Aboriginal Business.**

### **2. Support for Institutional Development**

The Committee finds that without an adequate institutional base to structure economic interactions and support the governance and technical capacity of Aboriginal people and economies, economic development measures will be limited in their effectiveness. Recommendations in this key area include:

- **Increased support for existing Aboriginal financial institutions in order to improve the overall quality of lending programs and enhance access to capital;**
- **Development of institutional arrangements, through the establishment of an Aboriginal Natural Resources Economic Development Framework, to support the transfer of knowledge and other capacity-building initiatives in the natural resource sectors – a key economic driver for many Aboriginal communities;**
- **Development of institutional arrangements, including an institution for excellence and capacity building, to address the significant economic infrastructure gaps that currently exist.**

### **3. Increased Access to Lands and Resources**

The Committee found that increased access to lands and resources - including through the resolution of land claim and treaty land entitlement settlement agreements as well as the negotiation of resource revenue sharing arrangements from development on traditional territories - is fundamental if the existing *Aboriginal economic opportunity structure* is to change in any significant way. However, the Committee also found that the ability to manage and exploit those resources is as critical to economic development as access or ownership. Recommended actions include:

- **The development of a federal consultation framework, consistent with Supreme Court of Canada rulings, including measures to ensure that resource revenue arrangements are negotiated with affected Aboriginal groups in instances where federal approvals for resource development projects are triggered;**
- **Targeted programs to support the land and natural resource management capacity of Aboriginal people, including the establishment of a land and resource management agency.**

### **4. Education and Training**

Inadequate levels of education combined with insufficient training are key impediments to greater Aboriginal participation in the economy. Aboriginal and non-Aboriginal businesses have consistently asked for greater support for programs targeting literacy and numeracy. Without these basis skills, many companies are unable to hire and/or enroll Aboriginal employees in advanced workplace training programs. The recommended action around skills training takes a two-pronged approach:

- **Strengthening apprenticeship, literacy and numeracy programs targeting Aboriginal learners, and**
- **Providing fiscal incentives to companies that develop/offer Aboriginal apprenticeship programs, including workplace literacy and numeracy programs.**

## **5. Addressing *Indian Act* Barriers to Development**

The *Indian Act* has artificially raised the cost of doing business on reserve. The legislative regime often acts to prevent market forces from operating properly on “Indian lands”. Inefficiencies around the land tenure and land registry systems act as disincentives to economic development and impede outside investment. In addition, slow and burdensome *Indian Act* processes, particularly around designating land for commercial purposes, often results in lost business opportunities. Most troublesome, the restrictions placed on the use of property as collateral has made it very difficult for individuals and communities to secure financing. Measures, such as the *First Nations Land Management Act*, have allowed participating First Nations to opt out of the land-related provisions of the *Indian Act* and manage their lands more competitively.

Recommended actions are targeted to addressing *Indian Act* restrictions that affect on reserve development. These include:

- **A national process to review the negative impacts of the *Indian Act* and the development of timely, joint solutions;**
- **The extension of the *First Nations Land Management Act* to additional First Nations and adequate funding to signatory First Nations; and,**
- **The development of a national First Nations land registry system.**

## **6. Infrastructure Deficits**

Many, if not most, on reserve First Nation communities lack the basic infrastructure required for economic development. As a result of infrastructure deficits, many First Nations’ communities are unable to attract outside investment or to develop their economies. Government investments in this area are critical. Accordingly, the Committee propose:

- **An adequately funded First Nations infrastructure program, which will bridge the current infrastructure gap between First Nations and non-First Nations’ communities within ten years; including infrastructure funding for commercial and industrial development.**

## **7. Partnerships with Industry**

The private sector is the principal engine of the economy. Increasingly, there is recognition among Aboriginal leaders that economic success will come through linkages and partnerships with industry. Such partnerships can play an important role in helping Aboriginal communities and businesses overcome barriers to participation and develop capacity in a range of sectors. They can be particularly valuable to smaller communities, who otherwise face a narrow set of economic opportunities. Governments have an important role to play in facilitating such partnerships. The Committee recommends that:

- **The federal government take a lead role in facilitating partnerships between Aboriginal people and industry, including implementing tax incentives to encourage such partnerships.**

## **CONCLUSION**

Past and current approaches to improving the economic and social well-being of Aboriginal people have not met with great success. The almost exclusive emphasis on social programs and spending by the federal government is, for many, misguided. Increasingly, Aboriginal people view economic development as fundamental to reshaping their social outcomes and are asking that this area be afforded much greater priority.

Across the country, Aboriginal people, businesses and communities are taking their place in the national and global economy. Through innovation, imagination and an indefatigable entrepreneurial spirit, Aboriginal people are contributing not only to the well-being and economic futures of their communities, but to national prosperity as well.

They are ready to contribute more and do even better. So must we.

## PART I: INTRODUCTION

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*Economic progress translates into social progress; a society where all citizens benefit,  
and no one is left behind.*

Deputy Minister Al Hilton  
Saskatchewan Northern Affairs

First Nations, Inuit and Métis people<sup>1</sup> share a common commitment to address the economic challenges faced by their communities. For most Aboriginal communities and individuals, economic development is fundamental to addressing a range of social disparities, well-documented in the literature.<sup>2</sup>

Consistently, we heard that Aboriginal people want to share in the wealth and prosperity of this country. Many communities, including some who might appear disadvantaged by isolation or limited opportunity, are achieving an enviable measure of economic success. Others, however, even ones with apparent advantages, continue to struggle. In undertaking this study, the Committee was concerned with why some communities are succeeding, while others are not. We were seized with the question: what are the factors that lead to successful Aboriginal economic development and what are the barriers that prevent it?

There are, of course, no easy answers to this question. Aboriginal communities are far from uniform and each faces their own unique set of constraints. Local challenges and economic opportunities are as varied as the individual communities themselves. Some communities - like the T'licho in the Northwest Territories - are close to, and actively participate in, large industrial projects like diamond mining. While others - like the Lac La Ronge Indian Band in northern Saskatchewan or the Mohawks of Kahnawá:ke in Québec - are developing their economies from the ground up, project by project, business by business, very much focused on the needs and aspirations of the community.

A myriad of factors, such as population size and proximity to resources and markets, will undoubtedly affect the economic prospects of communities. As fundamental as greater access to lands and resources is to the wealth of Aboriginal communities, alone, it too is no guarantee of success, and is influenced by a community's ability to manage and exploit those resources to its economic benefit.

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<sup>1</sup> Unless otherwise specified, the term Aboriginal is used throughout the report to denote the Inuit, Métis and First Nations (Registered and non-Registered) peoples of Canada.

<sup>2</sup> Demographic and economic conditions of Aboriginal people are described in Appendix A.

A number of observers and commentators have put forward their ideas on how to achieve Aboriginal economic development success. The Harvard Project on American Indian Economic Development, for example, attempted to demonstrate that self-government, if modelled on appropriate criteria, is a key factor in determining economic success. Their findings have been interpreted widely and along a spectrum of possibilities, ranging from local decision-making capacity to full sovereignty. Others have questioned whether applying the prescriptions of the Harvard study to the Canadian context - where two-thirds of First Nations have on reserve populations of less than 500 and many are isolated and remote – is realistic. At the other end of the spectrum, there are those, such as the Canadian Taxpayers Federation, who argue that the reserve system itself is the key, structural impediment to economic development and have called for its abolition.

This study takes a far more pragmatic approach to issues relating to Aboriginal economic development. The Committee believes that there is no “magic prescription”, but there are basic elements, absent which, it is difficult to imagine how any community – Aboriginal or otherwise - is able to succeed economically. We hope to provide concrete advice to governments at all levels – federal, provincial, territorial and Aboriginal – to encourage these elements in communities that are already making progress and to help create them in other places. We have also identified specific obstacles to development that are unique to the Aboriginal situation and have proposed some measures to overcome them. In the course of our examination, we have, however, made observations, which go against some of the received wisdom and orthodoxy in this area. Notably, we reject the idea that privatizing Indian lands will result in the economic well-being of First Nations’ communities and suggest that politics and business, rather than being kept entirely separate, must operate in a complementary fashion.

In this chapter we deal primarily with how economic development is understood by Aboriginal people, as well as the barriers impeding, and factors contributing to, economic development success. In the sections to follow, we explore, in greater detail, the current federal approach to economic development, institutional development, access to lands and resources, business partnerships with industry, education and training, community infrastructure, size and location as well as the economic benefit of traditional economies.

The Committee recognizes that its study can not address all aspects of Aboriginal economic development. Importantly, there are unique economic development challenges facing Inuit, Métis and First Nations’ communities, respectively. The Committee acknowledges that the needs of each of these communities are specific to their circumstances. Accordingly, readers should be mindful that while the Committee heard from a number of Métis and Inuit representatives, in the main, witnesses were largely from First Nations’ communities.

## **DEFINING ECONOMIC DEVELOPMENT**

Economic development, as Professor Jon Altman noted, is a highly contested term. At one end of the spectrum there are those who see development as a process of expanding the real freedom that people enjoy. At the other end, more conventional notions, like economic growth measured by per capita income, employment and independence from welfare, prevail. Similarly, Aboriginal economic development aspirations range widely

from a desire to engage in traditional activities or participate in the market economy through businesses and jobs.

Regardless of how one defines economic development, what is clear is that for too long Aboriginal people in Canada have been largely excluded from sharing in this country's economic success. As a result, many have fallen behind the Canadian population in nearly all areas of socio-economic well being. While Canada gradually developed into one of the world's richest countries, Aboriginal Canadians, according to Chief Willson of the West Moberly First Nation, were by design left on the outside looking in:

The whole system, the whole structure is developed that way. We were gathered and put on reserves, placed off to the side, and we were told that we would be taken care of. For one reason or another, our membership, our people, our elders believed in that. They sat by and allowed things to happen. We have had large-scale developments in our territories that have resulted in no opportunities to the First Nations.<sup>3</sup>

The federal government's social programs and overall policy approach towards First Nations, Inuit and Métis people have done very little to lift those groups out of poverty and social exclusion. With the Aboriginal population base expanding at a rapid rate and the federal government slow to change its approach, Aboriginal leaders increasingly recognize that pursuing economic development opportunities is critical to improving the socio-economic conditions of their people. Clarence Louie, Chief of the Osoyoos Indian Band, told the Committee that First Nations' leaders have long recognized the importance of economic development:

I have quotes from our past national chiefs, going back to the first in 1973, George Manuel: "Without an economic base our communities will never be able to be in control of our future." Ovide Mercredi said, "It is the economic horse that pulls the social cart." Matthew Coon-Come said, "Economic development will be my first order of priority." One of the most prominent Native leaders and defenders of Native rights, Grand Chief Billy Diamond from Northern Quebec, said, "Economic development is the key to extending Native rights."<sup>4</sup>

While traditional activities, such as hunting and trapping, continue to be of importance in many Aboriginal communities, the Committee notes, with interest, that Aboriginal people are increasingly active and, in many cases, *successful* in numerous areas of business, both on- and off-reserve. Many communities have identified the provisions of the *Indian Act* as one of the most significant barriers to development. They have been able to substantially improve their standard of living by deliberately breaking free from the shackles of the *Indian Act* and finding alternative ways to do business in their communities. At the same time, they have not simply adopted all non-Aboriginal business practices but have developed approaches consistent with their own deeply held

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<sup>3</sup> Standing Senate Committee on Aboriginal Peoples, *Proceedings*, 24 October 2005, Chief Roland Willson, West Moberly First Nations. [Hereinafter referred to as *Proceedings*].

<sup>4</sup> *Proceedings*, 26 October 2005, Chief Clarence Louie, Osoyoos Indian Band.

values and beliefs. They are succeeding by choosing to pursue economic development *on their own terms*.

Each of these approaches has their advantages and drawbacks. What is particularly inspiring to this Committee, however, is that this economic activity, in its various forms, is taking place in a growing number of Aboriginal communities throughout Canada, and in most cases, is driven almost entirely by the people and communities themselves. Not surprisingly, these successes are, for the most part, hidden from the broader public domain. Nevertheless, it is important that Canadians recognize these successes since Aboriginal economic development is a benefit to the overall Canadian economy and should be supported.

Yet even with the right investment and policy prescriptions, not all Aboriginal communities will be immediately successful economically. Professor Stephen Cornell, who has extensively studied the economic development prospects of American Indian Tribes as part of the Harvard Project, told the Committee it is inevitable that mistakes will be made as Aboriginal communities take steps towards greater political autonomy and economic self-sufficiency.

#### **Aboriginal Economic Development: How Canada Benefits**

The other thing that I think is often not understood — and we do not describe very well — is that it is important to pause and make sure that we are all aware that Aboriginal economic development is not just good for First Nations people or Aboriginal people. It makes a significant contribution to regional economies and Canada as a whole. I can tell you that the economic activity on the Squamish Nation lands makes at least a \$1-billion contribution annually to the regional economy. This will increase significantly over the next 10 years. That number, by the way, is estimated by using a reasonable multiplier and the annual sales generated from commercial and retail operations on our land. This translates into significant employment for all who reside within our traditional territory and large tax revenues for all levels of government. The Squamish Nation is not unique. Many other First Nations have opportunities that are waiting to be realized, so investing resources in the area of Aboriginal economic development is a good thing for all Canadians.

Harold Calla  
Squamish First Nation

#### Aboriginal Perspectives on Economic Development

Even to the casual observer it is evident that Aboriginal Canadians want to benefit from economic development, but “on their own terms”.<sup>5</sup> While there is, unquestionably, great diversity among Aboriginal people and communities, Aboriginal Canadians tend toward a stronger sense of collective responsibility and see the economy and social life as being intricately tied together.<sup>6</sup> Theirs is, generally speaking, a more community-oriented, less individualistic, culture, which leads to a decidedly refreshing approach toward economic development. Roy Vermillion, CEO of the Athabasca Tribal Council told the Committee that:

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<sup>5</sup> *Proceedings*, 7 December 2004, Bob Anderson, Associate Professor, Faculty of Administration, University of Regina.

<sup>6</sup> See, for example, testimony of Dogrib Treaty 11 Council representatives, 7 December 2004.



We look at economic development as being part of the process of overall community development, a holistic approach to developing our communities, which also includes business development.<sup>7</sup>

Aboriginal communities, by and large, are not willing to compromise their identity and culture in the pursuit of economic success. To be acceptable, economic opportunities must fit into their cultural framework. For example, representatives from the Dogrib Treaty 11 Council told this Committee, quite clearly, that they are not prepared “to give up who we are in order to gain from economic development” adding that “we do not want to lose our traditions, culture, language or religion.”<sup>8</sup>

Recognizing the desire of Aboriginal Canadians to maintain a meaningful connection to the land is essential to understanding their economic development aspirations. First Nations, Inuit and Métis people expect their rights and title to lands and resources to be acknowledged and respected.<sup>9</sup> Others went further, highlighting the importance of maintaining the integrity of the land and of the environment. John D. Ward of the Taku River Tlingit First Nation told the Committee that a “sustainable economy means respecting our lands, our people and our rights and title.”<sup>10</sup>

This is not to say that Aboriginal communities are closed to the outside world and to new economic opportunities. In fact, the Committee heard evidence that there is a cultural shift towards economic integration taking place in many Aboriginal communities across Canada.<sup>11</sup> Recognizing that economic opportunities within their own communities are limited, a growing number of Aboriginal people are looking beyond their own territory for new economic development options, often in partnership with the private sector.

Aboriginal leaders have told this Committee that they want their participation in Canada’s vibrant economy to be meaningful. Jason Goodstriker, Regional Chief of Alberta, Assembly of First Nations, commented that: “My chiefs have said that we want more than to carry chain saws, cut and pound in stakes. We want to be on the drill head and we want to own that rig.”<sup>12</sup> The Blood Tribe in Alberta have made this a reality and are directly involved in resource extraction, drilling for oil and gas on their land.

This pragmatic approach to economic development is driven, in part, by the recognition that economic development is a critical component of nation-building. Jim Angus, hereditary chief of the Gitksan Nation, told the Committee that to build a strong community, “[w]e have to change the situation of our people. We cannot continue to live as we do.”<sup>13</sup> Economic development is seen by many Aboriginal people as the means by

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<sup>7</sup> *Proceedings*, 27 October 2005, Roy Vermillion, CEO, Athabasca Tribal Council.

<sup>8</sup> *Proceedings*, 7 December 2004, Dogrib Treaty 11 Council.

<sup>9</sup> For example see testimony of Christina Rowland, Economic Development Officer, Okanagan Nations Alliance, *Proceedings*, 26 October 2005.

<sup>10</sup> *Proceedings*, 24 October 2005, John D. Ward, Spokesperson, Taku River Tlingit First Nation.

<sup>11</sup> *Proceedings*, 27 October 2005, Peter K. Manywounds, Special Projects Consultant, Tsuu T’ina Nation.

<sup>12</sup> *Proceedings*, 15 June 2005, Chief Jason Goodstriker, Regional Chief of Alberta, Assembly of First Nations.

<sup>13</sup> *Proceedings*, 24 October 2005, Jim Angus, Hereditary Chief, Gitksan Nation.

which they can resolve their own socio-economic problems<sup>14</sup> and, ultimately, have some measure of control over their own futures.

It is young Aboriginal people, however, who may be penalized the most by being left on the sidelines of Canada's economy. These young people are cognizant of the socio-economic disadvantages and marginalization they face and are demanding change. Allan Luby, Chair of Aboriginal Tourism Canada, observed that:

Over this last 20 years, I have watched our youth take over the majority of our people. When I look into the eyes of our young people nowadays, I see a passion. They want to move ahead, but they are also becoming very impatient with things. They want to see these social and economic drivers there for the communities, to raise the level of the communities to that of the rest of Canada.<sup>15</sup>

If this positive change is going to occur, Aboriginal people must make, and be accountable for, the decisions affecting their future. The Committee strongly believes that if development is to be sustainable, the communities themselves must be at the helm of the decision-making process. As Art Sterritt, Executive Director of the Coastal First Nations cautioned, “[g]overnments, industry, non-governmental organizations and other interests must resist the urge to impose paternalistic solutions.”<sup>16</sup> Consequently, governments have an important *supporting* role to play in helping Aboriginal communities take advantage of existing and emerging economic opportunities. Aboriginal people want to contribute to, and benefit from, Canada's economic success. “We want to succeed,” was the unequivocal message delivered to us by witnesses.<sup>17</sup>

## **SOME KEY BARRIERS TO ECONOMIC DEVELOPMENT**

Witnesses identified several factors that impede community economic and business development. Lack of infrastructure, difficulty gaining access to capital, capacity building needs, distance from markets and a small population base, among other factors, were commonly cited. The Committee recognizes that while there are shared barriers, there are also important regional and individual differences. However, based on the evidence before this Committee, seven of the most salient barriers to economic development are identified below:

### Access to Capital

Access to capital has been, and continues to be, a primary issue for many Aboriginal communities and individuals seeking to start, expand or acquire a new business. In addition, because financing options are often limited, communities find themselves unable to invest in infrastructure improvements or participate in large scale resource development projects. Further, the small size and isolation of many Aboriginal

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<sup>14</sup> *Proceedings*, 27 October 2005, Larry Hutchinson, Senior Administrative Officer, Little Red River Cree Nation.

<sup>15</sup> *Proceedings*, 22 November 2005, Allan Luby, Chair, Aboriginal Tourism Canada.

<sup>16</sup> *Proceedings*, 25 October 2005, Art Sterritt, Executive Director, Coastal First Nations.

<sup>17</sup> *Proceedings*, 31 May 2006, Chief Jason Goodstriker, Regional Chief of Alberta, Assembly of First Nations.

communities limits the presence of financial institutions. In many Inuit communities, for example, “financial institutions of any kind are completely absent, which means that capital is not accumulated within the communities or available for investment in business enterprises.”<sup>18</sup> Witnesses have offered a number of suggestions to remedy the limited access to debt and equity capital, including, among others: tax incentives for investment in Aboriginal businesses; home ownership on reserve as a means to expand access to capital, and greater support for Aboriginal Financial Institutions (i.e., Aboriginal Capital Corporations and Aboriginal Community Futures Development Corporations).

#### Legislative and Regulatory Barriers

Legislative and regulatory barriers, in particular those posed by the *Indian Act*, have restricted the ability of on reserve First Nations’ communities to take advantage of economic opportunities. For example, the *Indian Act* contains many provisions which block or limit development, such as, for example, those which make it difficult to secure loans using land and other assets as collateral. The report examines on reserve development barriers in greater detail in a section to follow.

#### Limited Access to Lands and Resources

Limited access to lands and resources is identified as a fundamental barrier to wealth generation that must be addressed as an urgent priority. A redistribution of those resources through, for example, the timely settlement of land claim and treaty land entitlement agreements as well as the negotiation of resource revenue sharing arrangements within traditional territories, is seen as essential to “unlocking” economic opportunities for Aboriginal people.<sup>19</sup>

#### Building Human Capital

Building human capital is cited as a key factor in assisting Aboriginal communities and individuals take advantage of, and pursue, economic development opportunities. The report documents the importance of closing the education gap as an important pre-condition for successful, long-term economic and community development. Many Aboriginal communities and individuals, however, lack the skills and training necessary to do so. Economic development cannot occur without attention to the training and education needs of Aboriginal people. A primary example, the successful management and development of resources will continue to be an important source of growth for Aboriginal economies. However, these opportunities will only be meaningful if Aboriginal people have the education, training, and technical skills necessary to fill employment opportunities and if Aboriginal-owned businesses are in a position to take advantage of the business development opportunities that emerge.

#### Infrastructure Deficits

Infrastructure deficits, including substandard telecommunications infrastructure, poor roads, and unsafe water supply, make it difficult to attract investment to First Nations and Inuit communities and are seen as key barrier to economic development. Many Inuit and First Nations’ communities do not have sufficient revenues to invest in infrastructure

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<sup>18</sup> Mary Simon, President, Inuit Tapiriit Kanatami, *Submission*, p. 9.

<sup>19</sup> National Aboriginal Economic Development Board, *Response to the Canada-Aboriginal Peoples Roundtable Economic Opportunities Sectoral Follow-Up Session Facilitators’ Report*, December 2004.

upgrades. Federal programs, however, do not support infrastructure improvements targeted to commercial developments.

#### Lack of Governance Capacity

The ability to make good decisions requires capable governance and governing institutions. As Aboriginal people struggle for, and acquire, increased decision-making authority, especially over their lands and resources, there is a need to invest in governance (or institution) building. Many Aboriginal communities find that they lack the institutions required for good decision-making and have considerable catching up to do in terms of acquiring the administrative capacity to “identify economic opportunities, form partnerships, negotiate agreements, design and operate business ventures, design and operate institutions that support economic development.”<sup>20</sup>

#### Fragmented Federal Approach to Economic Development and Limited Funding

Approximately eleven federal departments and agencies deliver 27 different economic development programs targeted to Aboriginal people. Several witnesses have commented that this situation has resulted in a lack of coordination and duplication among federal programs, lost economic opportunities due to bureaucratic delays and fragmentation of program delivery. As we argue in a subsequent section of the report, the current federal approach to Aboriginal economic development has not worked. Accordingly, an integrated policy framework and central delivery agency is recommended. In addition, federal expenditures on Aboriginal economic development account for roughly 8% of total federal spending on Aboriginal people. The current imbalance in federal funding toward social programming must be addressed, with economic development accorded a greater priority.

### **FACTORS CONTRIBUTING TO ECONOMIC SUCCESS**

During the course of our study, the Committee had the opportunity to visit and hear from a number of very successful Aboriginal communities, including Millbrook First Nation in Nova Scotia, Lac La Ronge Indian Band in Saskatchewan, Osoyoos Indian Band in British Columbia and Whitecap Dakota First Nation, also located in Saskatchewan. We were struck, almost immediately, by one very important fact: these communities were not always successful, and until quite recently, were struggling through many of the same pathologies confronting other Aboriginal communities.

How these communities were able to reverse many years of stagnation and dependence was an issue with which we were seized. What we discovered is that Aboriginal communities, entrepreneurs and individuals who are successful operate by many of the same basic principles. There are, in fact, common themes running throughout these success stories which may be useful to other Aboriginal communities and businesses hoping to follow in their footsteps. Importantly, all successful communities and businesses talked of experiencing failure. Undeterred, they learned from their earlier mistakes, persevered and followed some simple rules.

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<sup>20</sup> *Ibid.*, p. 5.

Six key factors that contribute to the success of Aboriginal communities and businesses are identified below. These are:

### Leadership and Vision

It is no understatement to say that in almost every instance luck had nothing to do with the successes achieved by Aboriginal communities. Rather, it begins with a vision and stable leadership capable of giving practical expression to that vision. In describing the importance of leadership to the success of the Meadow Lake Tribal Council, Chief Helen Ben observed that:

[T]he strength was built through the strategic thinking of some of the past leadership of the Meadow Lake Tribal Council, in terms of looking to the future and wanting to provide more for their First Nations. They knew they could not just sit back and allow things to continue in the way they were. I believe that is where it began: They came together and said "We need to create some of our own economic development," and they went out seeking to do that. They were able to get a loan for the sawmill and they paid for that with their own money and with hard work. They also realized that you must have good managers and a good business model. I attribute our success to the past leadership of MLTC.<sup>21</sup>

"I strongly believe" Manny Jules remarked "in communities that have been successful, that it has been all about leadership".<sup>22</sup> The Committee agrees. Our findings suggest that strong and stable leadership is the solid foundation upon which communities have been propelled to greater economic heights.

The Lac La Ronge Indian Band is a remarkable example of how leadership and vision contributed to their economic successes. Harry D. Cook, who was elected in 1987 and served continuously as Chief until 2005, believed that reliance on the federal government was harmful to the community and to the economy. Building on the aspirations of his predecessors, he set out to develop business ventures that would provide employment and sought to take advantage of the opportunities that were becoming available in the north. Today, Lac La Ronge Indian Band, through Kitsaki Management Limited Partnership, participates in several sectors of the economy and owns a number of profitable businesses. This vision of the future has been passed on to the present generation. The current Chief, Tammy Cook-Searson, recently made available private home ownership, providing the membership of the Lac La Ronge Indian Band with equity in their homes; a principal source of wealth-generation.

### Understanding the Complementary Roles of Politics and Business

Chief Willson of the West Moberly First Nation in British Columbia told the Committee that: "We allow business to be business. We try to keep politics out of business. Politics is the quickest way to wreck anything."<sup>23</sup> Repeatedly, witnesses commented that a significant factor in their economic success was in keeping politics out of the day-to-day

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<sup>21</sup> *Proceedings*, 26 September 2006, Chief Helen Ben, Meadow Lake Tribal Council.

<sup>22</sup> *Proceedings*, 17 November 2004, C.T. (Manny) Jules, Spokesperson, First Nations Fiscal Institutions Initiative.

<sup>23</sup> *Proceedings*, 24 October 2005, Chief Roland Willson, West Moberly First Nations.

business operations of the community; leaving those operations instead to qualified business managers and other professionals. Tom Morris, President and CEO of Wasaya Airways, spoke of how the “Wasaya Founding Principles Guidelines” spells out this approach to conducting business:

From the outset we agreed that politics would never be allowed to interfere or take priority over the business, nor would we allow the Wasaya guidelines to be compromised. In the past, we have witnessed many businesses fail through the mixing of politics and agreed that this would not dictate our direction.<sup>24</sup>

In addition, economically successful communities have created organizational structures to manage their economic development activities, separate from chief and council. These collectively-owned enterprises have become significant players in the local and regional economies.<sup>25</sup> They operate a range of businesses spanning from regional airlines to trucking companies, hotels, casinos and golf courses. The Committee heard from a number of such enterprises from across the country, including, for example, the Tribal Councils Investment Corporation of Manitoba, the Meadow Lake Tribal Council, Kitsaki Management Limited Partnership and Tewatohnni’saktha, Kahnawake’s Economic Development Commission. Each has developed several partnerships and profitable businesses that provide their communities with much needed expertise and outside capital. Importantly, they operate at arm’s length from the political structures of their communities.

Elected officials do have an important role to play, however, in guiding the overall economic development plans and aspirations of communities. The Committee found that while daily business operations should be allowed to operate independently, larger strategic questions, such as the type of development to pursue and the objectives of development, should be framed by elected officials, working in concert with the broader community. Based on the evidence before the Committee, a complete separation between politics and administration, is likely too simplistic a formula. Economically successful communities, we found, appreciate how each sphere can work to support common objectives and manage the relationship accordingly. The benefits of this, perhaps more realistic, “partnership approach”, were captured eloquently by Harry D. Cook, former Chief of the Lac La Ronge Indian Band:

While the cooperation of business and government has been instrumental in creating good business climate for the First Nations, it has been more important to consistently remind ourselves that, *as political leaders, it is up to us to have a long-term vision for growing, healthy First Nations business sector. But it is not our place, as politicians, to manage those businesses. That we must leave to the business managers.*<sup>26</sup> [Emphasis Added]

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<sup>24</sup> *Proceedings*, 28 September 2006, Tom Morris, President and CEO, Wasaya Airways LP.

<sup>25</sup> Canada, *Report of the Royal Commission on Aboriginal Peoples*, 1996, vol. 2, chapter 5, p. 894.

<sup>26</sup> Cited from *Proceedings*, 29 September 2006, Matthew Sherry, Economic Development Advisor, Saskatoon Tribal Council.

The issue partly, as we discuss below, is one of legitimacy, where community members are able to hold elected officials accountable for decisions they make in this regard.

### Legitimacy of Economic Development Activities

Economically successful communities, observed the Auditor General, have integrated their economic activities with their culture and spirituality. We heard from several witnesses that economic development must make sense to the communities undertaking, and affected by, that development. The Taku River Tlingit First Nation commented that:

The most important message is that economic development is not successful if it is not based on sustainability, which is in keeping with Taku River Tlingit values for economic development to co-exist with our way of life.<sup>27</sup>

Chief Lawrence Paul of Millbrook First Nation in Nova Scotia told Committee members that economic development is undertaken along traditional Mi'kmaq customs that are based on "sharing, on respect for our Elders and love of our children".<sup>28</sup> Witnesses told us that development is a matter of integrating or merging economic and social goals to bring about more far-reaching community revitalization. For example, during our visit to Kahnawá:ke in November 2006, we met with Mr. Bud Morris, CEO of Tawatohnhi'saktha, Kahnawá:ke's Economic Development Commission. He told us that they have a mandate to operate on a community-based economic development model:

Our vision is a self sufficient community that fosters a quality of life for Kanien'kehaka ne Kahnawa'kehro:non (Mohawks of Kahnawá:ke ) and creates collective prosperity for future generations consistent with our cultural values.<sup>29</sup>

Similarly, in testimony to the Committee, Tom Morris said that community support of Wasaya Airlines allowed their investment to remain and grow within their own company. In turn, that allowed the Aboriginal shareholders, as well as all participants, to enjoy the aviation services that are vital to the survival of northern remote isolated communities.

The issue of legitimacy - or what the authors of the Harvard Project on American Indian Development describe as "cultural match" - is identified as a key element determining the level of economic success enjoyed by communities. Although they were speaking specifically about governance institutions, we can safely say that economic development practices that do not resonate with the values and culture of Aboriginal communities will likely not be supported and, are therefore, unsustainable.

### Identifying Your Best Features

Success is often achieved by playing to one's strengths. In other words, know what you're good at or get good at what you do. Making strategic use of available resources has been a critical factor in the economic success of Aboriginal communities and businesses. In testimony to the Committee, Chief Darcy Bear of the Whitecap Dakota

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<sup>27</sup> *Proceedings*, 24 October 2005, John D. Ward, Spokesperson, Taku River Tlingit First Nation.

<sup>28</sup> Fact-finding mission to Millbrook First Nation, 6 November 2006.

<sup>29</sup> Fact-finding mission to Kahnawá:ke, 27 November 2006, John Bud Morris, CEO Tawatohnhi'saktha.

First Nation, talked about the process their community undertook to identify the best possible (commercial) uses of their land:

As a small First Nation with only about 4,700 acres, one of the first things we did was we looked at doing a land use plan: in other words, what is our land good for. They always say that the Department of National Defence gets the worst land in the country, and we are adjacent to a military base...Agriculturally, it is useless. Because of our history as Dakota people, who are known as great horsemen on the plains, one of the things our community did was they got involved with the cattle industry and found that to be very productive. In the 1930s, we were one of the largest producers in the area with over 500 head of cattle, all pure-bred Herefords... As of today, we have gone through the exercise of zoning the whole community and we have done that through community consultation.<sup>30</sup>

Speaking specifically about business development and success, Lester Lafond, President of Lafond Insurance and Financial Services Ltd., told the Committee that knowledge of the sector, clients and markets is essential:

The following are my own views on how a First Nations individual can overcome the challenges and be successful in business. Whatever business sector an individual is in, they must be knowledgeable of the clients they will serve and knowledgeable of the sector they are participating in. They must understand their market, common business practices and business practices in the context of clients being on or off the reserve. Of course, you must have a strong background in management practices. It is important to have a general knowledge base, and post-secondary training is helpful.<sup>31</sup>

Lacking resources, such as oil and natural gas, the Lac La Ronge Indian Band achieved its success by capitalizing on the strength of its people. With over 8,000 members, the Lac La Ronge Indian Band has a large population which translates into a large potential labour force. Therefore, they have developed businesses in the sectors that are not capital intensive but, rather, labour intensive. Similarly, Chief Helen Ben stated that the Meadow Lake Tribal Council adopted the strategy of looking primarily for resource opportunities in its own backyard. In each of these cases, communities and individuals played to their strengths and developed the appropriate expertise, and then of course, took calculated risks.

#### Qualified Labour Force

Economic development literature identifies human capital - or a capable, educated and motivated workforce - as a fundamental pre-condition to successful economic development. Whether it is business or community-based, sustained economic success is almost impossible to achieve without a capable workforce. Brennan Gohn of the

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<sup>30</sup> *Proceedings*, 26 September 2006, Chief Darcy Bear, Whitecap Dakota First Nation.

<sup>31</sup> *Proceedings*, 26 September 2006, Lester D. Lafond, President, Lafond Insurance and Financial Services Ltd.



Cowichan Tribes in British Columbia told the Committee that “education and training is fundamental to our success.”<sup>32</sup> In his appearance before the Committee, Professor Fred Wien suggested that the successes of the Membertou and Millbrook First Nations in Nova Scotia could be attributed to the level of education enjoyed by its membership:

I have been interested in thinking through what it is about Membertou and Millbrook that has allowed them to break out of a long-standing pattern. I do not think there are simple answers, but I do know from my own research that those two communities have, on average, the best educated Mi’kmaq population on reserve in the province, and they have had for a number of years.<sup>33</sup>

Indeed, during our fact-finding trip to Millbrook First Nation in November 2006, Chief Lawrence Paul pointed to the pool of talented professionals the community has been able to attract and retain as a fundamental component of their success.

Well-qualified individuals are able to identify economic opportunities, develop and exploit those opportunities and can provide necessary leadership to bring about the overall success of their communities. Kelly Lendsay, President and CEO, Aboriginal Human Resource Development Council of Canada, told the Committee that “the Council’s experience in working with a number of partners across Canada has led it to conclude that the key to successful economic development is the alignment and integration of human resource strategies.”<sup>34</sup> The Committee agrees. In order for Aboriginal people and communities to participate in economic development, education and training is critical.

#### Partnerships with Industry

According to witnesses, partnerships have provided communities with more than external financial and human capital. The partnerships that each of these communities have nurtured provide many capacity-building opportunities for community members. Communities and individuals have the opportunity to learn how business operates as they progress to the point where they can assume management positions. The benefits and challenges of developing partnerships are dealt with in greater detail in a proceeding section of the report.

## **CONCLUSION**

Having identified some of the key factors that act to impede or assist economic development activities, subsequent sections of the report examine, in greater detail, some of the key themes raised by witnesses during the course of our hearings. We have been fortunate enough to benefit, to a very great degree, from the experience and knowledge of those who appeared before us.

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<sup>32</sup> *Proceedings*, 25 October 2005, Brennan Gohn, Communications Manager, Khowutzun Development Corporation.

<sup>33</sup> *Proceedings*, 17 November 2004, Professor Fred Wien, Director, Atlantic Aboriginal Health Research Program, Dalhousie University.

<sup>34</sup> *Proceedings*, 26 September 2006, Kelly Lendsay, President and CEO, Aboriginal Human Resource Development Council of Canada.

### **Wasaya Airways: Visions of Success**

Wasaya Airways, a successful partnership between nine remote First Nations in northern Ontario accessible year round only by air transportation, was also born of a vision. The original adventure began in 1987 as a vision of one of the First Nation elders, Mr. Albert Mamakwa, who recommended that the remote communities join together to develop a joint economic plan. The vision included the retention of revenue generated by their own community members, the provision of vital services by First Nations to First Nations, the generation of employment and training opportunities for youth and generating a source of funding to initiate community-based health and wellness activities such as recreation and social events. After much consultation and research, it was decided that the communities should form a company that would start off by providing essential aviation services to the region.

Gathering strength from this elder's vision, the communities approached V. Kelner Airways Limited, which, at the time, was a small float plane operation based out of Pickle Lake. After many long months of exploring possible business scenarios, the communities partnered with Kelner in 1989, and in exchange for \$49 in pocket cash and exclusive air- freighting rights to their communities, they received 49 per cent of that business. With a \$49 investment and the promise of loyal First Nation support, the Wasaya-Kelner revenues went from 3.6 million to \$15 million in four short years. Last year, revenues were in excess of 50 million. The new partnership was also structured to allow the gradual buyout of Kelner owners, and in 1989 Wasaya Airways achieved 100 per cent First Nation ownership.

## **PART II: NEED FOR NEW APPROACHES TO ABORIGINAL ECONOMIC DEVELOPMENT**

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*There can be no social justice without economic justice.*

Chief Clarence Louie, Osoyoos Indian Band

*As Canadians, surely we can no longer settle for two Canadas, one for the affluent and one for the impoverished; one the envy of the world and one more closely resembling the Third World; one Canada bringing us hope and one battling despair. Whether we are federal, national, provincial or Aboriginal leaders, we must do more, we must do it better and we must do it now, and we must do it together.*

Premier Lorne Calvert, Government of Saskatchewan

Improved economic outcomes inevitably shape social outcomes. Repeatedly, witnesses told the Committee that economic development is a forceful determinant of the social well-being of Aboriginal communities. However, most felt that successive federal governments, despite declarations to the contrary, have not made this issue a priority, matched by substantive investments.

The social and economic disparities experienced by Aboriginal people suggest to us that current approaches toward economic development do not, and have not, worked. In this section we propose that the federal government recast its current approach to Aboriginal economic development and recommend:

- Making meaningful investments in economic development;
- A Renewed policy framework to anchor those investments;
- A central economic development agency to integrate, deliver and develop programming.

### Meaningful Investments

Currently, the federal government spends almost \$9 billion annually on programs and services directed to Aboriginal peoples; principally to First Nations resident on reserve and Inuit. These expenditures support the provision of a variety of programs and services and include, for example, capital facilities, elementary/secondary education, social assistance, housing, and health services.

According to the evidence, roughly 8% of federal expenditures are targeted to economic development programs<sup>35</sup>. In testimony to the Committee, Jeff Moore, then Director, Aboriginal Business Canada, commented on what he described as the current imbalance with respect to federal economic development expenditures:

The integration of federal social and economic development policies is needed because, now, there seems to be a greater emphasis on social development. The federal government allocates only \$300 million for

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<sup>35</sup> In 2004-2005, funding for Aboriginal-specific economic development was approximately \$647 million.

Aboriginal economic development out of \$9 billion for Aboriginal people.<sup>36</sup>

The Committee heard considerable testimony that economic development merits greater focus and funding. Chief Clarence Louie, with customary flourish, told the Committee that Aboriginal poverty will never be addressed until, and unless, significant investments in economic development are made:

In 2005, the federal government in its wisdom, after over a hundred years of failed social programs, still calls First Nations economic development funding "discretionary funding."... The enclosed graph, done recently by the National Aboriginal Economic Development Board, clearly demonstrates that the federal government's past 100 years of neglect on Aboriginal economic development is the biggest problem when it comes to Aboriginal poverty. Why the heck cannot the politicians at all levels of the federal and provincial governments, as well as all the Canadian people, see that when you spend 92 per cent of \$8 billion a year on social programs and only 8 per cent on economic development, Aboriginal poverty will always be Canada's hidden shame. No country or society in the world looks at economic development as discretionary.<sup>37</sup>

That too much emphasis is placed on social programs and not enough on economic development initiatives is a key theme running throughout the testimony. Christina Rowland of the Okanagan Nations Alliance indicated that First Nations "need core funding not provided by the current regime - where 8% is going to economic development and 80% is going to social programs - to enable wealth to be built and redistributed to communities".<sup>38</sup> Similarly, Andrew Popko, Vice President of Aboriginal Relations at Encana, spoke of an "urgent need to elevate and recognize Aboriginal economic development as a tool vital to the future of Canada and Canada's Aboriginal people as a transfer of payments and federal dollars that currently flow to the social programs."<sup>39</sup>

Aside from being modest, much of federal Aboriginal economic development spending is largely project-based and often available only on a short-term basis (one to two years). The bulk of Aboriginal economic development programming is targeted to:<sup>40</sup>

- labour force skills development;
- small business development;
- on-reserve economic infrastructure;

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<sup>36</sup> *Proceedings*, 10 May 2005, Jeff Moore, Executive Director, Aboriginal Business Canada.

<sup>37</sup> *Proceedings*, 26 October 2005, Chief Clarence Louie, Osoyoos Indian Band.

<sup>38</sup> *Proceedings*, 26 October 2005, Christina Rowland, Economic Development Officer, Okanagan Nations Alliance.

<sup>39</sup> *Proceedings*, 6 December 2006, Andrew Popko, Vice President, Aboriginal Relations, Encana Corporation.

<sup>40</sup> See Canada Aboriginal Peoples Roundtable, *Government of Canada Economic Opportunities Background Paper*, December 2004. This document can be consulted on line at: [http://www.aboriginalroundtable.ca/sect/econ/bckpr/GOC\\_BgPaper\\_e.pdf](http://www.aboriginalroundtable.ca/sect/econ/bckpr/GOC_BgPaper_e.pdf).

- on-reserve resource development.

Witnesses told us that federal economic development programs, while limited, have been important sources of funding, particularly around business development and financing of small economic development projects. Federal program funding limits, however, have made it difficult for Aboriginal communities to participate in larger-scale economic development projects; a point reinforced in the 2003 report of the Auditor General on the economic development of First Nation communities.<sup>41</sup> Several witnesses recommended that such programs be set aside in favour of more substantive investments. Deputy Grand Chief Terry Waboose of the Nishnawbe Aski Nation told the Committee:

We suggest that you recommend to the federal government that the generation of under-funded, short term, complex Aboriginal support programs be set aside and that real investment be made in the developments and institutions identified by our people for our people.<sup>42</sup>

Equally important, witnesses observed that governments regularly provide generous subsidies to various sectors of the Canadian economy, including the oil and gas sector. Robert Campbell, Director of Business Development and Public Relations at the Tribal Councils Investment Group of Manitoba Ltd., asked that similar treatment be accorded to Aboriginal communities:

We see the enormous investment by governments in big business players; make an investment in us. Give us access to significant funds. We will give you measurable results. We will take those funds to new heights, a place that we will have lasting and dramatic effects on our people...Give us the same chance.<sup>43</sup>

Failure to make meaningful investments in the economic futures of Aboriginal people, we were told, could have serious consequences for an already marginalized group. Witnesses, such as the Assembly of First Nations, argue that meaningful support for Aboriginal economic development is crucial, especially within the context of a young and rapidly growing Aboriginal population. Chief Jason Goodstriker, Regional Chief of Alberta, Assembly of First Nations commented:

Our young population also places a new strain and a new opportunity on our economic development. We need to be prepared to bring together these untapped resources so they can be an important part of local and regional economies.<sup>44</sup>

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<sup>41</sup> Auditor General of Canada, *Economic Development of First Nations Communities: Institutional Arrangements*, Chapter 9, 2003. This report can be consulted on line at: <http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20031109ce.html>.

<sup>42</sup> *Proceedings*, 28 September 2006, Deputy Grand Chief Terry Waboose, Nishnawbe Aski Nation.

<sup>43</sup> *Proceedings*, 27 September 2006, Robert Campbell, Director of Business Development and Public Relations at the Tribal Councils Investment Group of Manitoba Ltd.

<sup>44</sup> *Proceedings*, 31 May 2006, Chief Jason Goodstriker, Regional Chief of Alberta, Assembly of First Nations.

The Assembly of Manitoba Chiefs observed that:

With the young and growing First Nations population, Canada and the provinces can no longer exclude or limit First Nations from the major sectors of the Canadian economy. The government, the private sector and First Nations organizations must work together to create and sustain a significant economic development focus for the future. This will begin to raise the standard of living for First Nations in this country and reduce the role of social assistance in First Nations lives.<sup>45</sup>

Governments, especially those in western Canada with high concentrations of Aboriginal people, are beginning to recognize the importance of supporting their economic development prospects as essential to their own overall economic prosperity. In his presentation to the Committee, Richard Gladue, Assistant Deputy Minister, Saskatchewan First Nations and Métis Relations, indicated that the Aboriginal population in Saskatchewan is expected to grow at a rapid rate and double over the next twenty years. Demographic projections coupled with Aboriginal peoples' continued socio-economic marginalization and isolation from the Canadian mainstream economy, Mr. Gladue suggested, must be addressed by long-term economic development strategies. He went on to observe:

The Aboriginal population in Saskatchewan is young and growing; there is a huge demographic shift happening in this province. People are migrating in great numbers to urban areas. From what I understand, it is somewhere between 45 and 55 per cent. The Government of Saskatchewan is working to build a future of hope in Saskatchewan so that no one is left behind and our young people remain and build their future here. *Aboriginal economic development is key to the future of Saskatchewan.*<sup>46</sup> [Emphasis Added]

In this context, the Committee notes that important steps have been taken by a number of provincial governments to support Aboriginal economic activities. In October 2006, for example, the Québec government announced \$55 million over five years for the renewal of the *Fonds d'initiatives autochtones*, providing support to Aboriginal business, with dedicated streams within that amount for women entrepreneurs and young entrepreneurs. It also established a \$30 million regional investment fund for Aboriginal development starting in 2007.<sup>47</sup> In 2006, the Government of Saskatchewan introduced two programs targeted to bringing Aboriginal people further into the economic mainstream: A \$5 million First Nations and Métis Economic Development Program was initiated by the Department of First Nations and Métis Relations and a \$20 million First Nations and Métis Fund was established by the province's Crown Investments Corporation.<sup>48</sup> We heard of similar provincial initiatives across the country.

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<sup>45</sup> *Proceedings*, 27 September 2006, Ian Cramer, Senior Business Advisor, Assembly of Manitoba Chiefs.

<sup>46</sup> *Proceedings*, 26 September 2006, Richard Gladue, Assistant Deputy Minister, Saskatchewan First Nations and Métis Relations.

<sup>47</sup> More information on these initiatives is available on line and can be consulted at:

[http://www.saa.gouv.qc.ca/centre\\_de\\_presse/communiqués/2006/saa\\_comm20061026.htm](http://www.saa.gouv.qc.ca/centre_de_presse/communiqués/2006/saa_comm20061026.htm)

<sup>48</sup> *Proceedings*, 26 September 2006, Richard Gladue, Assistant Deputy Minister, Saskatchewan First Nations and Métis Relations.

Witnesses told us that greater federal-provincial coordination and consultation with respect to Aboriginal economic development is needed. This view is supported by provincial government officials concerned that leadership and support from the federal government, on and off reserve, is often lacking. The 1996 *Report of the Royal Commission on Aboriginal Peoples* recommended greater coordination stating that “federal, provincial and territorial governments should enter into long-term economic development agreements with Aboriginal nations, or institutions representing several nations, to provide multi-year funding to support economic development.”<sup>49</sup>

In 2003, a Conference Board of Canada report described the benefits of investing in Aboriginal peoples’ economic and social development stating: “The benefits of addressing the economic and social challenges facing Aboriginal people outweigh the costs.”<sup>50</sup> The Committee is persuaded by the evidence that the underutilization of Aboriginal economic potential is a real social cost. Funding that is significant in size, flexible in criteria and measurable in results is required to address the economic challenges faced by Aboriginal Canadians.

#### Renewed Policy Framework

Making meaningful investments in Aboriginal economic development is crucial. The demographic projections and implications of a young and growing Aboriginal population suggest that we can ill afford not to make such commitments. A growing underclass of disenfranchised Aboriginal citizens would come at a significant cost to us all. However, to be effective, such investments must be anchored by a policy framework designed to meet Aboriginal economic development aspirations and achieve measurable results.

The 1989 *Canadian Aboriginal Economic Development Strategy* is the current federal policy framework upon which most Aboriginal economic development programming is based. The Strategy, as described by the Auditor General, was intended to “consolidate support for Aboriginal economic development into fewer programs that could be applied more broadly”<sup>51</sup>. This objective, however, was not achieved:

The federal government’s Aboriginal support programs have increased in number and complexity since 1989, resulting in administrative burdens for First Nations and federal agencies, and increased risk of inconsistent treatment and lost opportunities.<sup>52</sup>

Witnesses reported that the current federal economic policy framework is largely outdated. While some elements of the Strategy - such as the Canadian Economic Development Program delivered by the Department of Indian Affairs and Northern Development - were seen as still relevant and useful, most argued that it was time a new

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<sup>49</sup> Canada, *Report of the Royal Commission on Aboriginal Peoples*, Volume 2, Chapter 5, p. 840. 1996.

<sup>50</sup> Cited from *Proceedings*, 26 September 2006, Guy Lonechild, Interim Chief, Federation of Saskatchewan Indian Nations.

<sup>51</sup> Auditor General of Canada, *Economic Development of First Nations Communities: Institutional Arrangements*, Chapter 9, p. 15, 2003.

<sup>52</sup> *Proceedings*, 4 May 2005, Sheila Fraser, Auditor General of Canada.

strategy was formulated. Judy Whiteduck, Director of Economic Development at the Assembly of First Nations commented:

Right now we are dealing with largely the same dynamic, the same authorities that were in place in 1989. That was 17 years ago, and the economies all around us have changed. The global economy has changed, the national economies have changed, and regionally, but the underpinnings on which we base our economic systems of government have not changed. We need to have another discussion and introduce those kinds of systems of government that would promote a more invigorated economic infrastructure.<sup>53</sup>

Witnesses also spoke of the need to ensure that a new strategy reflect the distinct needs, aspirations and goals of their communities. For example, in a written submission to the Committee, Ms. Mary Simon, President of the Inuit Tapiriit Kanatami noted: “When the federal government is developing policy and program initiatives for Aboriginal peoples – Inuit, First Nations and the Métis – it should do so for Inuit, First Nations, and the Métis.”<sup>54</sup> This view was echoed by most of the political Aboriginal organizations appearing before the Committee. The Manitoba Métis Federation told us that the “need for Métis specific policies, programs and services is difficult to overstate”<sup>55</sup> and noted that pan-Aboriginal approaches have adversely affected economic development in Métis communities. Similarly, the Manitoba Keewatinook Ininew Okimowin (MKO) stated that “the pan-Aboriginal approach to some First Nations must be reviewed and a specific First Nations economic development program restored.”<sup>56</sup>

While the socio-economic challenges confronting Aboriginal Canadians are shared, it is clear to us that solutions to those challenges will vary considerably. It would be a mistake, we believe, to develop an economic development strategy that does not reflect differences in northern, on and off reserve, rural and urban development, as well as the specific challenges and priorities of First Nations, Métis and Inuit.

During our examination of this issue, we travelled to various parts of the country and observed that regional variations are significant and must be considered in the development of any new strategy. First Nations on-reserve, for example, face unique challenges resulting from the regulatory and legislative barriers posed by the *Indian Act*, and experience governance capacity issues. Inuit living in the far north face enormous infrastructure deficits, isolation from mainstream economies, higher transportation costs and significant capacity needs. Métis people face their own challenges with respect to getting their rights recognized, obtaining a land base and operating within non-Aboriginal economies.

We also heard significant testimony that the current approach to Aboriginal economic development is fragmented and unable to respond adequately to the economic needs of

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<sup>53</sup> *Proceedings*, 31 May 2006, Judy Whiteduck, Director, Economic Development, Assembly of First Nations.

<sup>54</sup> Mary Simon, Inuit Tapiriit Kanatami, *Submission*, p. 5.

<sup>55</sup> *Proceedings*, 27 September 2006, Oliver Boulette, Executive Director, Manitoba Métis Federation.

<sup>56</sup> *Proceedings*, 27 September 2006, Joe Guy Wood, MKO Economic Development Coordinator, Manitoba Keewatinook Ininew Okimowin.



Aboriginal communities and individuals. Several witnesses discussed the need for governments to make long-term, meaningful investments in economic development programming *as a complement to* reforms and measures that would attract commercial investment and development opportunities to Indian lands.

Support for economic development – particularly around infrastructure deficits, capacity building needs (technical, financial and human), and development of governance institutions – must be connected in such a way that support an integrated and coordinated approach. Guy Lonechild, Interim Chief of the Federation of Saskatchewan Indian Nations spoke of the need for government investment in a range of areas:

The capacity for communities to fully determine their economy is a key issue. While coordinating greater capacity at the local level is a priority, as yet, there is a shortfall in First Nations' governments' economic infrastructure. Therefore, *investments in new infrastructure, increased funding, and human capital at the community level are required to realize a community's potential.* There is a need to improve First Nations' economic infrastructure, their level of economic information and economic education.<sup>57</sup> [Emphasis Added]

Similarly, we heard that:

Aboriginal economic development cannot be considered in isolation; it has to be connected to education and training, as well as labour force attachment and development. Clearly, a multi-disciplinary, integrated and coordinated approach across sectors is required.<sup>58</sup>

Based on the testimony before this Committee, and documented in much of the general literature in this area, a newly formulated economic development strategy should not be considered in isolation and should *focus on the conditions for development.* It should take a coordinated and integrated approach across sectors, connecting to education, skills development and training, infrastructure development, institutional and governance capacity, capital development and access to lands and resources. To achieve this, governments at all levels, Aboriginal organizations and the private sector must work together. The Committee wholeheartedly agrees with the Royal Commission on Aboriginal Peoples that:

The economic development of any community or nation is a process — a complicated and difficult one — that can be supported or frustrated. It cannot be delivered pre-fabricated from Ottawa or from provincial or territorial capitals. The principal participants, those on whom success directly depends, are the individuals and collectivities of Aboriginal nations. *The role of Aboriginal and non-Aboriginal governments should be to support the process, help create the conditions under which economic*

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<sup>57</sup> *Proceedings*, 26 September 2006, Guy Lonechild, Interim Chief, Federation of Saskatchewan Indian Nations.

<sup>58</sup> *Proceedings*, 26 September 2006, Richard Gladue, Assistant Deputy Minister, Saskatchewan First Nations and Métis Relations.

*development can thrive, and remove the obstacles that stand in the way.*<sup>59</sup>  
[Emphasis Added]

The Committee also recognizes that it will take time to formulate a national economic development strategy acceptable to First Nations, Inuit and Métis peoples. On this point, the Committee notes that much work has already been done with Aboriginal organizations through the 2004 Canada-Aboriginal Peoples Roundtable. We feel this work should not be lost and we encourage the parties to use those deliberations fruitfully.

#### Central Economic Development Agency

We have already recommended that meaningful investments in economic development are required and have suggested that investments be anchored by a newly formulated strategy to replace the somewhat dated 1989 *Canadian Aboriginal Economic Development Strategy*. How to deliver that funding and implement the strategy is also a question of significant relevance to witnesses and to this Committee. Several witnesses have persuasively testified that bureaucratic delay within government departments and the reluctance of the Crown to take risks have resulted in lost economic opportunities.<sup>60</sup>

On 1 December 2006, in an effort to consolidate Aboriginal economic development programming and develop a “single window” approach, Aboriginal Business Canada’s programming was moved to the Department of Indian Affairs and Northern Development. While the Committee appreciates this intent by government to achieve greater coordination, we are not convinced that merely moving federal Aboriginal economic development programs to one department will lead to greater efficiencies and less fragmentation; most especially when that department has a woeful record of achieving progress. While we agree that there is a need to consolidate federal programming, the Committee views this measure as an interim step; one, it would appear, that was least disruptive to the machinery and operations of government. In any case, as we argue below, what is needed is not a continuation of the same short-term, project-oriented funding of the past but, rather, a new approach that combines these mechanisms with longer-term and more holistic partnership approaches.

Many witnesses argued that the Department of Indian Affairs and Northern Development is not an acceptable delivery model for Aboriginal economic development. Harold Calla of the Squamish First Nation told the Committee:

I think the first thing we need to explore is whether or not...the Department of Indian and Northern Affairs will ever be capable of adequately responding to the challenges facing First Nations in developing economic and business opportunities. The timeline for risk/benefit analysis and decision making in today’s global economy is not compatible with the timeline of the federal system of decision making. Economic and business development is mainly about seizing the moment and being positioned to assess the assignment of risk and benefits, and where

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<sup>59</sup> Canada, *Report of the Royal Commission on Aboriginal Peoples*, Volume 2, Chapter 5, 1996.

<sup>60</sup> It has been argued that the Crown’s reluctance to take risks can be attributed to its fiduciary relationship to First Nations. On this point, please see: Fiscal Realities, *Expanding Commercial Activity on First Nations Lands*, 1999.

necessary, to engage the private sector as strategic partners. The federal system cannot ever emulate this environment, and nor should it be expected to.<sup>61</sup>

Similarly, the Assembly of Manitoba Chiefs stated that funds for First Nations development should be run by a First Nations specific organization, while the MKO advocated for the establishment of a new economic development agency outside of the Department of Indian Affairs and Northern Development. Likewise, Manny Jules recommended that we support the establishment of an institution for economic cooperation and partnerships so that First Nations can transfer the technology necessary to build their economies.

The Committee is persuaded by the evidence that there is a need for a central economic development agency that is quick on its feet and able to deal with multiple jurisdictions and stakeholders (i.e., able to move at the speed of business). Commenting on the private sector's experience with the labyrinth of federal programming, for example, Andy Popko of Encana, argued for the pressing need for simplicity:

Third, I will talk about the pressing need for simplicity on how federal Aboriginal programs and departments can communicate, assess and engage with the private sector.... We go to apply for some of these grant programs, programs that exist within the federal government, the 282 run by the different departments, but where do we go, what is the path, how do we get there? Like the Rubik's cube finally we give up, we put it down and who does not benefit? It is the Aboriginal people. Corporate Canada will continue on to do its activity, the Government of Canada still has its great programs all sitting here, and the people in the middle, the Aboriginal people who the program was designed for, unfortunately do not benefit as much as they should.<sup>62</sup>

A central economic development agency would address this lack of cohesion. The Committee concludes, however, that such an agency should not be housed at the Department of Indian Affairs and Northern Development, whose concrete, reinforced silos and historic reluctance to deal meaningfully with the Aboriginal off reserve, urban and Métis populations make it a poor candidate. "What First Nations communities need" Harold Calla remarked to us "is to be empowered, to engage in this economy as they choose, to be enabled to match decision making and authorities, as they evolve, with the private sector."<sup>63</sup> A separate agency, operating under its own mandate, would also less likely be subject to discretionary funding cuts such as those experienced during program reviews.

Based on the evidence before the Committee relating to the need for a renewed economic development approach, we recommend as follows:

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<sup>61</sup> *Proceedings*, 25 October 2005, Harold Calla, Senior Councillor, Squamish First Nation.

<sup>62</sup> *Proceedings*, 6 December 2006, Andrew Popko, Vice President, Aboriginal Relations, Encana Corporation.

<sup>63</sup> *Proceedings*, 25 October 2005, Harold Calla, Senior Councillor, Squamish First Nation.

## **Recommended Actions:**

**That the Government of Canada take immediate steps to strengthen its commitment to Aboriginal economic development as one of its key priorities and that Aboriginal economic development funding be increased to reflect a larger proportion of the federal government's budget allocation.**

**That the Government of Canada take a leadership role to establish, in partnership with provincial and territorial governments, regional Aboriginal economic development funds, and that such funds include entrepreneurial, education and training components targeting First Nations, Inuit and Métis individuals.**

**That the Government of Canada, in close collaboration with First Nations, Métis and Inuit organizations, develop a new Canadian Aboriginal Economic Development Strategy which respects regional and identity-based differences and employs an integrated, cross-sectoral, long-term approach, rather than the current short-term, project-based approach.**

**That the Government of Canada, in close collaboration with First Nations, Métis and Inuit organizations, establish a stand-alone economic development agency, separate from government departments and central agencies, to deliver Aboriginal economic development programming and implement the renewed Aboriginal Economic Development Strategy.**

## **FEDERAL ABORIGINAL ECONOMIC DEVELOPMENT PROGRAMS**

The preceding section identifies the broader, structural issues that must be addressed in order for Aboriginal economic development initiatives to be meaningful. There are, however, immediate and specific steps that the federal government can take to alleviate some of the existing pressures. The first relates to recent federal funding cuts made to economic development programs and the second relates to the federal procurement strategy.

### Restoring funding to economic development programs

Economic development programs, if they are structured properly, can help Aboriginal communities overcome the many obstacles to economic development that are in their path and can lead to tangible results. Pursuing economic development opportunities without government support is a considerable challenge for many Aboriginal people. There are often multiple barriers to projects getting off the ground, most notably inadequate access to capital and business expertise. Well-structured, responsive, government programs can help fill those gaps.

Some of the witnesses who appeared before the Committee acknowledged that many of their economic successes can, in part, be attributed to federal economic development initiatives. For example, Clarence Louie, Chief of the Osoyoos Indian Band told the Committee that:

A lot of our projects would not have happened if it were not for the economic development funding at Aboriginal Business Canada when INAC did have economic development funding; our winery would not have started, our heritage centre would not be under construction right now, our campground would not be where it is at.<sup>64</sup>

However, a number of federal government programs designed to help stimulate Aboriginal economic development and employment have been cut in recent years. In 2005, the decision was made to cut the Department of Indian Affairs and Northern Development's equity programs and related access-to-capital initiatives; a decision the Committee was told will reduce federal government spending on Aboriginal economic development by about \$29 million per fiscal year.<sup>65</sup> Other programs that have been eliminated include the Economic Development Opportunity Fund, the Resource Acquisition Initiative, and the Major Business Projects Program.<sup>66</sup>

As a result of these cuts, First Nations and Inuit communities will no longer receive the federal help that they used to rely on to take equity shares in community-owned and community member businesses. Matthew Coon-Come told the Committee that a federal program which assisted the Cree in developing partnerships with industry, including companies in the mining and forestry sectors, has been discontinued and that about 600 Cree will lose their jobs as a result. Mr. Coon-Come remarked that:

It is unfortunate that a successful program that provided training and therefore gave an opportunity to the Cree to participate in the wage economy is being terminated.<sup>67</sup>

Officials from the Department of Indian Affairs and Northern Development confirmed to the Committee that, within the Department, economic development programs are typically the first to be cut whenever the government reviews its expenditures since:

The economic development envelope within INAC is one of the few areas considered discretionary, as opposed to the non-discretionary fiduciary responsibilities that we have.<sup>68</sup>

Aboriginal leaders told us it is unacceptable that the Government of Canada considers Aboriginal economic development funding to be discretionary. We agree. It is a disservice to the many Aboriginal communities striving to break the chains of dependency and poverty. As Dennis Whitebird, Grand Chief of the Assembly of Manitoba Chiefs, observed in his appearance before the Committee:

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<sup>64</sup> *Proceedings*, 26 October 2005, Clarence Louie, Chief, Osoyoos Indian Band.

<sup>65</sup> *Proceedings*, 14 June 2005, Mark Brooks, Director General, Economic Development Branch, Socio-economic Policy and Programs Sector, Department of Indian Affairs and Northern Development.

<sup>66</sup> For more information, please consult the Department of Indian Affairs and Northern Development's web site: [http://www.ainc-inac.gc.ca/ps/ecd/faq/faq2\\_e.html#1](http://www.ainc-inac.gc.ca/ps/ecd/faq/faq2_e.html#1)

<sup>67</sup> *Proceedings*, 28 November 2006, Matthew Coon-Come, Member of the Board, Grand Council of the Crees.

<sup>68</sup> *Proceedings*, 14 June 2005, Mark Brooks, Director General, Economic Development Branch, Socio-economic Policy and Programs Sector, Department of Indian Affairs and Northern Development.

We see millions of dollars being spent on social development to keep people dependent on government funding. We would like to reverse that and have more economic development, more employment and more training so that we can provide capacity to people so that they can create livelihood opportunities for their future.<sup>69</sup>

As a result of the many hurdles they face in accessing funding and other business services from commercial lenders, Aboriginal entrepreneurs often must rely on federal economic development programs to get their projects off the ground. Mr. Jack Blacksmith, President of Cree Regional Economic Enterprises Co. noted in his appearance before the Committee:

Even within our bigger communities — we have communities of almost 4,000 people — it is difficult to start up businesses. Many businesses struggle to get the proper funding through the banks. The banks are not very open to us because they will not get into any sort of business until they are fully covered in terms of the money that they loan. It is difficult for the businessman to find all the guarantees to cover himself for what the bank needs in order to release that money. It is very hard for local businesses. The federal government must come into play through INAC or other programs to put up assistance that could be provided for local businessmen.<sup>70</sup>

The Committee heard from many witnesses who argued that the cuts to economic development programs have had a “terrible” impact on their communities.<sup>71</sup> Matthew Sherry of the Saskatoon Tribal Council told the Committee that the decision to eliminate the Resource Acquisition Initiative and the Major Business Projects Program “put a dagger through the heart of our economic development plan. It really hit us very hard.”<sup>72</sup>

The Department’s remaining economic development programs, notably the Community Economic Development Program and the Community Economic Opportunities Program, are now focused on providing financial assistance for First Nation and Inuit communities for public services in support of economic development. Departmental officials told the Committee that the department sees its role as a provider of resources “for setting the pre-conditions [for economic development] in a community. Since we stopped the developmental equity aspect, we have been working on setting the physical and social infrastructure of a community to attract and retain investment.”<sup>73</sup>

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<sup>69</sup> *Proceedings*, 4 May 2005, Dennis Whitebird, Grand Chief, Assembly of Manitoba Chiefs.

<sup>70</sup> *Proceedings*, 27 November 2006, Jack Blacksmith, President of Cree Regional Economic Enterprises Corporation.

<sup>71</sup> *Proceedings*, 28 October 2005, Ryan Robb, Business Development Officer, Treaty 7 Management Corp.

<sup>72</sup> *Proceedings*, 26 September 2006, Matthew Sherry, Economic Development Adviser, Saskatoon Tribal Council.

<sup>73</sup> *Proceedings*, 14 June 2005, Mark Brooks, Director General, Economic Development Branch, Socio-economic Policy and Programs Sector, Department of Indian Affairs and Northern Development.

Working to equip First Nation and Inuit communities with the physical and social infrastructure needed to prosper economically is a laudable goal. There is no question that the infrastructure deficit in such communities is a significant obstacle to development that must be addressed. Funding programs to address that deficit, however, should not come at the expense of cuts to other economic development programs. The Committee heard ample evidence that the cuts to the Department's equity programs, in particular, are hurting many Aboriginal communities, businesses and individuals.

Several Aboriginal leaders told the Committee that government spending on social services will not cure social ills. The evidence suggests this is true. For Aboriginal peoples to rise above their current socio-economic situation, they need employment opportunities and prospects for economic prosperity. Andy Popko, Vice President, Aboriginal Relations at EnCana Corp. told the committee that:

Economic development initiatives are the key to Aboriginal participation in the economic mainstream of Canada's life. Economic development deserves greater focus, funding and facilitation.<sup>74</sup>

The Committee acknowledges that such programs require a commitment of resources. Moreover, not investing in improving the economic condition of Aboriginal people would, in all likelihood, prove costlier in the long run. In his testimony, Chief Robert Dennis made a similar argument with which the Committee agrees wholeheartedly:

It is worthwhile giving First Nations an opportunity to be involved in the Canadian economy. It is important that governments be willing to take that risk. It is like any entrepreneurship. You move forward with a risk. I think governments have to move forward and be willing to take that risk if we want to see successes and achievements in the Canadian economy, especially as it relates to First Nations.<sup>75</sup>

From this perspective, the promotion of economic development, both on- and off-reserve, should be the government's top priority. It is therefore regrettable that the Department of Indian Affairs and Northern Development continues to view economic development programs as discretionary and periodically subjects such programs to cuts in the course of expenditure review exercises. Based on this observation and on the evidence before this Committee, we recommend as follows:

**Recommended Action:**

**That, as an interim measure, the Government of Canada act immediately to rescind the previous funding cuts made to the Department of Indian Affairs and Northern Development's economic development equity programs.**

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<sup>74</sup> *Proceedings*, 6 December 2006, Andrew Popko, Vice President, Aboriginal Relations, Encana Corporation.

<sup>75</sup> *Proceedings*, 25 October 2005, Robert Dennis, Chief, Huu-ay-aht First Nation

### Procurement Strategy for Aboriginal Business

The goal of the federal government's Procurement Strategy for Aboriginal Business (PSAB) is to increase the number of Aboriginal suppliers bidding for, and winning, federal contracts. According to the Department of Indian Affairs and Northern Development, the PSAB also "promotes sub-contracting to Aboriginal firms and encourages Aboriginal firms to form joint ventures with other Aboriginal and non-Aboriginal businesses."<sup>76</sup> The government further supports this strategy by setting aside certain procurement contracts for competition among qualified Aboriginal businesses and Aboriginal-led joint ventures.

John Bernard, President and CEO of Donna Cona Inc., an information technology company, told the Committee that the PSAB helped him establish his business and provides "excellent opportunities for growth that might not otherwise have been available to us." Mr. Bernard attributes Donna Cona's "ability to grow so successfully as an Aboriginal firm and to give back to the community and to provide economic development" to the PSAB.<sup>77</sup>

A number of important problems with the PSAB have, however, been identified and reported in the press in recent years, such as "weak rules surrounding joint ventures and partnerships that pretty much allow Aboriginal persons or firms to bring nothing but the Aboriginal identity to the table."<sup>78</sup> Such problems can result in set-aside contracts being secured by companies that only have a token Aboriginal component and therefore do not actually build Aboriginal business capacity.

The Committee also heard that PSAB rules can, counter-intuitively, discourage Aboriginal companies from wanting to grow since any company with more than six employees must ensure that at least one third of its employees are of Aboriginal descent in order to bid for certain contracts. Mr. Bernard suggested to the committee that given the challenge of hiring Aboriginal people with the appropriate skills and experience, "most companies would rather remain small" so that they do not get excluded from opportunities available under the PSAB.<sup>79</sup>

These, and other problems, have led to calls for the abolition of the PSAB. The Committee believes that despite its many problems, eliminating the PSAB would not be in the best interest of Aboriginal firms. Based on what we heard, we feel that the PSAB can help Aboriginal entrepreneurs gain the experience they need to successfully compete in the business world. Accordingly, we recommend:

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<sup>76</sup> For further information regarding the federal government's Procurement Strategy for Aboriginal Business, please see: [http://www.ainc-inac.gc.ca/saea-psab/faq/index\\_e.html](http://www.ainc-inac.gc.ca/saea-psab/faq/index_e.html)

<sup>77</sup> *Proceedings*, 7 June 2006, John Bernard, President and CEO of Donna Cona Inc.

<sup>78</sup> *Ibid.*

<sup>79</sup> *Ibid.*



**Recommended Action:**

**That the Government of Canada reaffirm its commitment to the Procurement Strategy for Aboriginal Business (PSAB) and, in collaboration with Aboriginal organizations, take immediate steps to address the outstanding issues relating to the PSAB, including eligibility and content criteria.**



### PART III: INDIAN ACT BARRIERS TO ECONOMIC DEVELOPMENT ON RESERVE

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*To a large extent, the Indian Act is the anchor of this system of structural poverty.*  
Chief Sophie Pierre, St. Mary's Indian Band

The *Indian Act*, which came into force in 1876, is the basis for the existing regulatory regime on First Nations' lands and governs almost every aspect of economic activity on those lands. Not surprisingly, given its advanced age, it is almost completely anachronistic and anathema to doing business in today's highly globalized, post-industrial economy.

A majority of witnesses commented that many provisions of the *Indian Act* actively work against economic development. Mark Brooks, Director General, Department of Indian Affairs and Northern Development, told the Committee that:

While some First Nation communities have devised strategies to overcome impediments to their development, still many challenges, often related to the *Indian Act* and/or its regulations, persist in keeping the majority from achieving their development vision.<sup>80</sup>

First Nations' witnesses told the Committee that the *Indian Act* works to undermine the economic value of First Nations' lands. In her testimony, Chief Sophie Pierre remarked:

Indian reserves are not an economic factor of production...since the array of economic transactions involving reserve lands allowed by the *Indian Act* is very limited, reducing dramatically the economic value of First Nations lands.<sup>81</sup>

Witnesses commented that because of the *Indian Act*, First Nations' communities are structured in a way that isolates them from the mainstream economy. Manny Jules captured this point convincingly when he said: "For 130 years, our institutions of government have been crushed by the weight of the *Indian Act*. The result is that we have been legislated out of the economy. Our governments have been legislated out of the federation."<sup>82</sup> Similarly, the authors of the 1996 *Report of the Royal Commission on Aboriginal Peoples* found that:

The *Indian Act* removed Indian lands and property from the Canadian economic realm and set them aside in enclaves. Here, creditors and

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<sup>80</sup> *Proceedings*, 14 June 2005, Mark Brooks, Director General, Economic Development Branch, Socio-economic Policy and Programs Sector, Department of Indian Affairs and Northern Development.

<sup>81</sup> *Proceedings*, 26 October 2005, Sophie Pierre, Chief, St. Mary's Indian Band.

<sup>82</sup> *Proceedings*, 24 November 2004, Manny Jules, Spokesperson, First Nations Fiscal and Statistical Initiatives.

bankers are reluctant to enter because they cannot exercise their rights in case of default.<sup>83</sup>

### Indian Act Barriers

One of the principal barriers to on-reserve development results from section 89 of the *Indian Act*. The section provides, in part, that:

[T]he real and personal property of an Indian or a band situated on a reserve is not subject to charge, pledge, mortgage, attachment, levy, seizure, distress or execution in favour or at the instance of any person other than an Indian or a band.<sup>84</sup>

Not surprisingly, banks are reluctant to provide financing to First Nations given the issues around security and rights of seizure resulting from the restrictions placed on the use of property as collateral by the *Indian Act*. This has led to a situation where securing financing for investment in economic development activities on reserve is extremely problematic.

The restriction on on-reserve assets being placed as loan collateral, we were told, also affects business development. Chief Palmantier of Lake Babine First Nation remarked that: “People cannot access capital locked in their homes to help finance their businesses.”<sup>85</sup> As a result of this barrier to accessing capital, many First Nations’ communities, individuals and businesses are unable to take advantage of economic opportunities.

The Committee also heard that *Indian Act* processes, in particular with respect to leasing land for commercial development, were inadequate. Designating land for commercial development or leasing lands to non-Indians for residential purposes (i.e. cottage leases) can be an important source of revenue generation for First Nations’ communities. Moreover, leasehold interests, unlike the land itself, can be subject to mortgage, attachment or seizure, thereby useful as collateral. In addition, tax revenue generated from commercial lands can be used as a form of security for loans.

Witnesses, however, told the Committee that the Department of Indian Affairs and Northern Development’s current land designation processes, provided for under the *Indian Act*, is too slow and burdensome. Thomas Smith, Councillor and Economic Development Officer, Tlowitsis First Nation, noted the frustration of many First Nations around these processes:

Our First Nation would like to see the *Indian Act* changed, where First Nations have more flexibility to do what they believe and want to do on the reserve rather than having to go through the long process of surrender and land leases. That takes two years. By the time you get to actually developing any kind of a business proposal, a package, you have to spend

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<sup>83</sup> Canada, *Report of the Royal Commission on Aboriginal Peoples*, Volume 2, Chapter 5, p. 812. 1996.

<sup>84</sup> *Indian Act*, R.S.C. 1985, c. I-5, s.89(1).

<sup>85</sup> *Proceedings*, 24 October 2005, Emma Palmantier, Vice President, Burns Lake Native Development Corporation.

three or four years... It takes two or three years before you can get to the point where you can negotiate or talk to any joint-venture partners to develop something. It would be a lot better if we did not have to go through the process of asking some bureaucrat in the department whether we can do this or that.<sup>86</sup>

Witnesses told us that the Department's delays in providing approvals for leasing reserve lands for commercial development costs them money and lost business opportunities. "INAC processes take years" noted Bob Inkpen, Band Manager for Economic Development, Tsekani First Nation, adding that "the window for business opportunity may be months."<sup>87</sup> Chief Bill Williams of the Squamish First Nation estimates the loss of economic development benefits to his community as a result of delays in the department's management of reserve lands to be roughly \$10 million annually:

Canada must be held accountable for the way in which it has conducted its stewardship responsibility for the Squamish Nation. These lost opportunities have cost the Squamish Nation about \$10 million in annual revenues over the last few years... These potential revenue losses follow stalled projects and have been associated with economic development benefits lost.<sup>88</sup>

Inefficiencies around the land tenure and land registry systems on reserve have also acted as disincentives to economic development and impeded outside investment. In many First Nations' communities, uncertainty around land ownership and deficiencies in the formal recording of land holdings in registry systems are problematic. Several witnesses have suggested to the Committee that government must work with them to modernize the current system of land registration and regulations. A 2005 report published by the Public Policy Forum titled *Economic Development in First Nations* concluded that "creating a modern tenure and land description system, coupled with an efficient land registry, would be an area for immediate investigation as an improvement supportive of economic development."<sup>89</sup> There can be no doubt that land, and equally as important, clarity around land tenure, registration and management systems are central to creating economic efficiencies in First Nations' communities and attracting investment.

As a result of these and other restrictions, witnesses told us that the cost of doing business on reserves is as much as six times higher than it is off reserve. This conclusion is substantiated by a study prepared by Fiscal Realities Economists who concluded that "the lack of opportunities on reserve has resulted from the imposed system of First Nation governance, which has artificially raised the cost of doing business far beyond what prevails off reserve... As a result, even favourably located reserves have low business

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<sup>86</sup> *Proceedings*, 24 October 2005, Thomas Smith, Councillor and Economic Development Officer, Tlowitsis First Nation.

<sup>87</sup> *Proceedings*, 24 October 2005, Bob Inkpen, Band Manager for Economic Development, Tsekani First Nation.

<sup>88</sup> *Proceedings*, 8 June 2005, Bill Williams, Chief, Squamish First Nation.

<sup>89</sup> Public Policy Forum. Gordon Shanks, *Economic Development in First Nations: An Overview of Current Issues*, p. 14. January 2005. This publication is available on line at: [http://www.pforum.ca/common/assets/publications/en/economic\\_development\\_first\\_nations.pdf](http://www.pforum.ca/common/assets/publications/en/economic_development_first_nations.pdf).

presence and see potential investment diverted to adjacent jurisdictions even when those alternative locations are less favourably sited.”<sup>90</sup>

Many First Nation witnesses appearing before the Committee have asked for a national dialogue or process to address current *Indian Act* restrictions that impede development. Ms. Judy Whiteduck, Assembly of First Nations, remarked:

We have never had a dialogue with all the involved players on that part of the *Indian Act*. It is a very important topic. It should be considered as a priority because, in essence, land and equity issues form the basis of discussion on economic development for First Nations.<sup>91</sup>

Similarly, Joe Guy Wood, MKO, told us that:

A process must be established to review the negative impacts of the *Indian Act* on economic development, and federal policies developed that are mutually acceptable to both parties must be jointly developed.<sup>92</sup>

While it is outside the scope of this report to deal with the range and complexity of *Indian Act* restrictions to on-reserve development - some of which have been documented elsewhere<sup>93</sup> - the Committee agrees with witnesses that it is an issue of some priority. While abolishing the *Indian Act* may, at least in theory, seem the most ideal approach, it is likely unrealistic, in the short term, for a great number of First Nations who may be at different and challenging stages of development. Rather, communities should be encouraged and allowed to evolve through a series of steps, based on the level of community readiness, which would gradually get them out from under the strictures of the *Indian Act*. The Westbank First Nation’s experience, for example, was to go “as far as possible under the land management sections of the *Indian Act*, next to employ property taxes, and then to go the land code. The land claim and self-government are the next and final steps.”<sup>94</sup> Moreover, the *Indian Act* protects and preserves the communal nature of Indian lands; an aspect of great importance to First Nations in Canada.

It should also be noted that while the *Indian Act* poses many restrictions to obtaining loans, it is not, as RCAP noted, “an absolute deterrent”. It is not, for example, an obstacle to venture capital. First Nations, such as Millbrook and Membertou, have established successful businesses within their communities by partnering with non-Aboriginal businesses in exchange for a share of ownership in the business or by generating capital from their own sources.

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<sup>90</sup> Fiscal Realities, *Expanding Commercial Activity on First Nation Land*, p. 1. 1999.

<sup>91</sup> Proceedings, 31 May 2006, Judy Whiteduck, Director, Economic Development, Assembly of First Nations.

<sup>92</sup> *Proceedings*, 27 September 2006, Joe Guy Wood, MKO Economic Development Coordinator, Manitoba Kewatinook Ininew Okimowin.

<sup>93</sup> See for instance the 1996 *Report of the Royal Commission on Aboriginal Peoples* and the 1999 Fiscal Realities report.

<sup>94</sup> *Proceedings*, 8 June 2005, First Nations Land Advisory Board.

While abolishing or replacing the *Indian Act* may be a sound longer-term strategy, interim steps are needed. Efforts to minimize the barriers to economic development posed by the *Indian Act*, especially around the ability to access capital and to secure loans, should be pursued aggressively. Such measures, as RCAP suggested, could include using forms of collateral other than lands or property and making government guaranteed bank loans, such as the *Small Businesses Loans Act*, more readily available to businesses on reserve. To this we would add the establishment of a national First Nations Land Registry System (discussed above) and extending the application of the *First Nations Land Management Act*.

The *First Nations Land Management Act* (FNLMA) improves some of the limitations of the *Indian Act* by providing participating First Nations with a measure of control over reserve lands and resources, and by ending ministerial discretion under the *Indian Act* over land management decisions on reserves. Specifically, land-related provisions of the *Indian Act* cease to apply to signatory communities that enact a land code consistent with the terms of the FNLMA.

The *First Nations Land Management Act* does two important things: First, it recognizes the autonomy of participating First Nations to govern and manage their own lands in a manner consistent with their economic development objectives. Second, it removes the bureaucratic delays that come with having to obtain ministerial approvals for leases. “Communities without land management authority” Chief Robert Louie informed the Committee “have a far inferior opportunity for growth.”<sup>95</sup> Chief Bear of the Whitecap Dakota First Nation told the Committee the FNLMA has been key to their success, both from an individual and community-based perspective:

The *First Nations Land Management Act* provides for a process that works, whereby you can issue long-term commercial leasehold interests. You can also issue 99-year leaseholds so that members are able to own their homes privately, and that is happening right now...Community members can go to the bank and get their own mortgages and build their own homes. It will be an asset base to them because it [the lease] can be sold on the open market. The land still maintains reserve status collectively, since it will have a 99-year lease. It is no different than in national parks where I think they have 49-year leases for cottages.<sup>96</sup>

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<sup>95</sup> *Proceedings*, 26 October 2005, Robert Louie, Chief, Westbank First Nation.

<sup>96</sup> *Proceedings*, 26 September 2006, Darcy Bear, Chief, Whitecap Dakota First Nation.

### ***Kahnawá:ke Caisse Populaire: Community-Based Solutions to Lending***

**Formed:** 1987

**Sponsor:** Mohawk Council of Kahnawá:ke , Economic Development Department

**Reason for Sponsorship:** In the early 1980's, an assessment was made by the Economic Development Department of the Mohawk Council of Kahnawá:ke that a community based financial institution located in Kahnawá:ke would increase Kahnawá:ke 's economic activity by allowing more and better access to capital. The model for this approach was essentially for the bank to act as Kahnawá:ke 's financial intermediary, pooling the funds of community members through the taking of deposits and making those pooled funds available to borrowers. Community attachment was a key strategy and the credit union model was chosen over the traditional bank for two reasons: First, credit unions are owned by its account holders and every account holder or member owns at least one share and has influence in certain areas in accordance with the credit union's constitution. Second, this democratic approach better fit the collective culture of the Mohawks of Kahnawá:ke.

**Process:** Beginning in 1982, a series of lengthy consultations were had with community members that went on for several years. When it became clear that there was communal consent, a formal action plan was initiated to bring the Caisse Populaire into Kahnawá:ke . Meetings between Kahnawá:ke and Caisse Populaire (Federation Desjardins) representatives were held at various levels, including the Grand Chief and the President. A feasibility study and business plan were undertaken. Finally, in 1986 an arrangement was agreed to between the Mohawk Council of Kahnawá:ke and the Federation Desjardins: If the Mohawk Council of Kahnawá:ke would agree to exclusively use the Caisse Populaire for its accounts, the Federation Desjardins would establish a Caisse Populaire branch in Kahnawá:ke , it would hire a Mohawk as its manager and it would not charge any fees on its accounts. The Kahnawá:ke Caisse Populaire opened shortly thereafter in 1987.

**Special Products:** Access to housing mortgages in Kahnawá:ke up until 1987 were limited to two sources: The Revolving Housing Loan Program administered by the Mohawk Council of Kahnawá:ke which then had a limit of about 20 mortgages per year and mortgages from financial institutions guaranteed by the Canadian government through the Minister of Indian Affairs (which was really a pledge of future transfer dollars scheduled for Kahnawá:ke and thus encumbered). Beginning in 1989, the Kahnawá:ke Caisse Populaire began issuing its own mortgages that were not guaranteed by the Canadian government but which were secured by the use of Mohawk Trustees who held the homeowners Certificate of Possession on behalf of the lender until the loan was repaid. Presently, the majority of mortgages in Kahnawá:ke are issued by the Kahnawá:ke Caisse Populaire.

**Today:** The Kahnawá:ke Caisse Populaire is one of the largest in Québec with over \$100 million in deposits. It has gone beyond the financial intermediary role and offers a wide range of financial services and products.

Expanding the *First Nations Land Management Act* to more First Nations and ensuring that it is adequately funded were key themes among witnesses. Chief Bear told the Committee that the amount provided to them under the *First Nations Land Management Act* is inadequate “to govern all our own lands, look after all our leases and pay for a land manager.” He recommended a renewed funding formula more reasonably tied to



resources and staffing requirements. This view was echoed by others who felt that “funding to adequately address the need for continual capacity building”<sup>97</sup> was insufficient under the FNLMA. Based on the evidence before this Committee, we make the following recommendations:

**Recommended Actions:**

**That the Government of Canada, in collaboration with the Assembly of First Nations and other appropriate First Nations’ organizations, immediately establish a process to review the negative impacts of the *Indian Act* on on-reserve economic development and develop, in a timely fashion, joint solutions to address *Indian Act* restrictions that limit or prevent on-reserve development;**

**That the Government of Canada, in collaboration with the First Nations Land Advisory Board, the Assembly of First Nations and other affected First Nations, take the necessary steps to extend the application of the *First Nations Land Management Act* to additional First Nations and ensure that signatory First Nations under the *Act* are adequately funded;**

**That the Government of Canada, in collaboration with the First Nations Land Advisory Board, the Assembly of First Nations and other interested First Nations’ organizations, develop a national First Nations land registry system.**

Conclusion: Is Privatizing Reserve Lands An Alternative?

*We really must fight until every Indian shall stand...panopolied  
in the armor of a self-supporting citizen of the United States.*  
Senator Henry L. Dawes

Organizations such as the Canadian Taxpayers Federation and other commentators, including Professor Tom Flanagan, have argued that it is the reserve system itself that limits the potential for economic growth and, at various times, have suggested more drastic measures to resolve current inequities.

Established in 2002, the Centre for Aboriginal Policy Change, housed within the Canadian Taxpayers Federation, has repeatedly called for: the abolition of the *Indian Act*; abolition of the current native reserve system; and individual private property rights. While, as we have noted, the *Indian Act* and elements of the reserve system are no doubt in need of reform, the Committee rejects these proposals.

Believing that the system of Native American Reservations confined Indians to a cycle of poverty and dependency, the United States government passed the *General Allotment Act*

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<sup>97</sup> *Proceedings*, 8 June 2005, Robert Louie, Chairman, Chief of the Westbank First Nation and First Nations Land Advisory Board.

of 1887 (*Dawes Act*)<sup>98</sup>. The legacy of the *Dawes Act*, and the subsequent privatization of Indian lands, was by most accounts a tragic one for many Native Americans. Not only did the allotment policy not achieve its stated objective of self-sufficiency for Native Americans, it left them impoverished and culturally devastated:

Even the dire warnings could not have predicted just how disastrous the *Dawes Act* was for most Native Americans. Far from making them self-reliant farmers, it shattered the main pillars of their culture – community property. Besides the loss of identity, most lost their livelihoods when they could not make the transition to individualized, self-sufficient agricultural farming. The government had failed to provide training, equipment, seeds, hoes or ploughs. Likewise, companies swiftly moved in to claim whatever land they could. As a result of the *Dawes Act*, Native Americans lost almost half their lands by 1900, from 140 million acres to 78 million. Some Native Americans, such as the Hopi and Cherokee, defied the government by refusing to take part in the allotment plan. By 1921, *more than half the people within tribes affected by the Dawes Act were landless and economically devastated.*<sup>99</sup> [Emphasis Added]

This Committee not only believes that the lessons of history should not be lost on us, but that to impose similar measures here, against the will of nearly every First Nation citizen and community in this country, is to invite tragedy. The argument that witnesses and other commentators have made to us is that First Nations' economies, with several notable exceptions, under-perform because market forces are prevented from operating properly on Indian lands<sup>100</sup>. Moreover, this country, as this Committee has argued elsewhere, has not honoured many of its lawful obligations to First Nations and restored to them the lands and resources upon which wealth is generated; the same lands and resources upon which the wealth of this country is based.<sup>101</sup>

There are, to be sure, many economic barriers facing several First Nation communities, and some, perhaps due to small size and unfavourable location, may never obtain a standard of wealth comparable to that enjoyed by other Canadians. What we have seen, however, is that there are measures that can be taken, and are in place even today, that allow First Nations to create more favourable market conditions on their lands. Indeed, those communities have achieved a measure of wealth that non-native communities can envy. And they have done so against immeasurable odds.

We are reminded of the fateful words of Senator Henry Teller during the debate on what became the known as the *Dawes Act*: "You might as well title the bill: A bill to despoil the Indians of their lands and to make them vagabonds on the face of the earth." This Committee believes that there are better solutions than those offered by the Canadian Taxpayers Federation. We have glimpsed them. It is now up to us to support them.

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<sup>98</sup> The General Allotment Act of 1887 (*Dawes Act*), Ch. 119, Laws 1887, 24 Stat. 388, 25 U.S.C.

<sup>99</sup> [http://en.wikipedia.org/wiki/Dawes\\_Act#Polemics](http://en.wikipedia.org/wiki/Dawes_Act#Polemics).

<sup>100</sup> *Fiscal Realities*, p. 8.

<sup>101</sup> Standing Senate Committee on Aboriginal Peoples, Fifth Report, *Negotiation of Confrontation: It's Canada's Choice*, December 2006. This report is available on line and can be consulted at: <http://www.parl.gc.ca/39/1/parlbus/commbus/senate/com-e/abor-e/rep-e/rep05dec06pdf-e.htm>.

## PART IV: SECURING ACCESS TO LANDS AND RESOURCES

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*Transforming Aboriginal economies from dependence to self-reliance will not be easy. The greatest boost for most nations will come from access to a fair share of lands and resources.*

1996 Report of the Royal Commission on Aboriginal Peoples

### Changing the Opportunity Structure: The Importance of Lands and Resources

There is no doubt that the alienation of land and resources has been a major contributor to the economic marginalization of Aboriginal peoples in this country. The 1996 *Report of the Royal Commission on Aboriginal Peoples* called for a major redistribution of lands and resources upon which Aboriginal people could rebuild their nations and secure a level of economic self-reliance. The Assembly of First Nations stated that, from a First Nations economic point of view, fundamental access to land and natural resources represent some of the most critical issues faced by First Nations. Audrey Poitras of the Métis National Council told the Committee that:

This lack of a land and resource base continues to be the single greatest impediment to achieving self-sufficiency within our communities.<sup>102</sup>

Witnesses were emphatic that increased access to lands and resources is fundamental to the economic well-being and prosperity of their communities. In testimony to the Committee, Professor Fred Wien of Dalhousie University, argued that it is through an expansion of the land and resource that the structural causes of poverty will be addressed. Only in this way, he argued, can we ultimately *change the opportunity structure* for Aboriginal peoples:

One of the themes that the Royal Commission emphasized and perhaps the central point when it came to economic development, was to try to change the opportunity structure for the communities. In other words, do not just put in another manpower training program or a small business loan program or something like that, but try to do something about the fact that many communities are very poor.<sup>103</sup>

Professor Wien went on to suggest that where the opportunity structure for a particular community has changed – whether through a land claim settlement or a court decision affirming greater access to resources – it would seem likely that economic benefits and opportunities for that community would correspondingly expand. The Committee heard evidence from communities with land claim settlements to support this contention. During our fact-finding mission to the Northwest Territories we met with several groups who have settled their land claims, including the Inuvialuit and the Tlicho. The Tlicho,

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<sup>102</sup> *Proceedings*, 15 June 2005, Audrey Poitras, Métis National Council.

<sup>103</sup> *Proceedings*, 17 November 2004, Professor Fred Wien, Director, Atlantic Aboriginal Health Research Program, Dalhousie University.

whose comprehensive claim and self government agreement came into effect in August 2005, told us they are very confident that, as a result of their agreement, they will be better positioned economically.

Research suggests that communities whose access and jurisdiction over lands and resources has been successfully negotiated enjoy greater economic benefits than those communities who have not concluded land claim agreements. Land and cash transfers to Aboriginal people, as a result of settled land claims, will be important economic drivers in the future. In testimony to the Committee, Ian Cramer, Senior Business Advisor, Assembly of Manitoba Chiefs, told us that:

[It] is critical because many of the First Nations are looking to access land that they can access under those agreements for economic purposes. In the urban settings, absolutely, we believe that creates huge economic opportunities. The main issue is that First Nations have been pushed out of the way, so to speak, in terms of where the reserves are, to let others develop the resources and the economy of this land. By claiming back some of the land, hopefully they can access land that is not out of the way, that has an economic value, and that can create much-needed wealth for the First Nations.<sup>104</sup>

Land claim settlements benefit not only Aboriginal Canadians, but the general Canadian economy. A study by Grant Thornton Management Consultants estimated the economic benefit in British Columbia alone as a result of settled land claims ranges from \$7 billion to \$11.6 billion.<sup>105</sup> Conversely, the protracted nature of land claim negotiations - which can often take up to twenty years - has significant implications for resource development and investment in areas where Aboriginal title remains unresolved. In 1990, Price Waterhouse calculated the cost to British Columbia of not settling treaties to be \$1 billion in lost investment and 1,500 jobs a year in the mining and forestry sectors alone. Another notable instance of the impact of unresolved claims has been the significant delays to the \$7 billion Mackenzie Gas Pipeline project as a result of the Deh Cho First Nation's unsettled land claim.

In testimony to the Committee, the Auditor General of Canada discussed how delays in settling land claims impede economic growth:

Without agreements on the use of land, uncertainty can develop, which makes development all that more uncertain.<sup>106</sup>

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<sup>104</sup> *Proceedings*, 27 September 2006, Ian Cramer, Senior Business Advisor, Assembly of Manitoba Chiefs.

<sup>105</sup> Grant Thornton Management Consultants 1999, *Financial and Economic Analysis of Treaty Settlements in British Columbia*.

<sup>106</sup> *Proceedings*, 4 May 2005, Sheila Fraser, Auditor General, Office of the Auditor General of Canada.

### ***Economic Benefits of Land Claims: The Inuvialuit Final Agreement***

In May 1977, the Committee of Original Peoples' Entitlement (COPE) submitted a formal comprehensive land claim on behalf of approximately 4500 Inuvialuit living in six western Arctic communities that lie in and around the mouth of the MacKenzie River. Negotiations between the Inuvialuit and the federal government culminated in the Inuvialuit Final Agreements (IFA) signed in May 1984. Under the terms of the agreement the Inuvialuit retained title to 91,000 km<sup>2</sup> of land. They also received \$45 million in cash compensation to be paid out over 13 years (1984–1997), wildlife harvesting and management rights, a \$7.5 million Social Development Fund (SDF) and a \$10 million Economic In 1984 the Inuvialuit Regional Corporation (IRC) “was formed to receive the lands and financial compensation obtained by the Inuvialuit”. The corporation was given “the overall responsibility of managing the affairs of the settlement to achieve the objectives in the IFA”. According to the introduction in the 1997 Annual Report of the Inuvialuit Corporate Group, “these objectives are to preserve the Inuvialuit culture, identity and values within a changing northern society; enable Inuvialuit to be equal and meaningful participants in the northern and national economy and society; and protect and preserve the Arctic wildlife, environment and biological productivity”. Are the Inuvialuit succeeding?

Together the companies of the Inuvialuit Corporate Group made a considerable contribution to the Inuvialuit people in 2002 and the years preceding. Building on the foundation provided by the land rights and the \$62.5 million in cash received between 1984 and 1997 under the terms of the land claims agreement, the ICG ended 2002 with total assets of \$351 million up from \$349 million at the end of 2001. Liabilities were virtually unchanged at \$83.5 million. As a result, beneficiaries' equity rose from \$265.6 million to \$267.5 million. The ICG (including its business subsidiaries) earned a combined before tax profit of \$7.67 million in 2002 compared to a before tax loss of \$2.5 million in 2001. The 2002 taxes were \$4 million and after tax profit \$3.67 million. The 2002 profit was earned on revenues of \$204 million. Revenues in 2001 were \$184 million.

In earning its 2002 profits, the ICG gave almost \$15.1 million to Inuvialuit individuals, groups, and communities, at least \$5 million of which was paid to individuals and communities for non-business (i.e. social) purposes. This is a considerable increase over the already impressive \$14.7 million paid out in 2001 and \$11.6 million in 2000. In the case of the Inuvialuit, a just settlement of land claims has provided the capital for entrepreneurship and business development, and contributed to the rebuilding of the Inuvialuit ‘Nation’, by preserving the Inuvialuit culture, identity, and values within a changing northern society.

Inuvialuit Corporate Group's contribution to communities and individuals

	<b>2002</b>	<b>2001</b>	<b>2000</b>
Wages and salaries (\$)	10,925,783	9,513,631	9,000,000
Honoraria (\$)	627,783	556,676	577,000
Student financial support (\$)	307,858	282,794	197,000
Payments to elders (\$)	456,500	454,000	368,000
Dividends to beneficiaries (\$)	1,312,800	2,702,007	568,000
Community corporations (\$)	672,534	750,000	390,000
Other payments (\$)	796,438	378,348	500,000
<b>Total (\$)</b>	<b>15,099,696</b>	<b>14,637,456</b>	<b>11,600,000</b>

Source: Journal of World Business, Volume 41, Issue 1, February 2006.

Despite the economic benefits of settling land claims in a timely fashion, several witnesses talked passionately about how government failure to recognize Aboriginal rights continues to limit their access to land and resources. Deputy Grand Chief Terry Waboose of the Nishnawbe Aski Nation remarked:

Our access to and control over our own resources continues to be limited. Governments continue to ignore both the Constitutional recognition of our rights and the direction of the Supreme Court of Canada that those rights should be acknowledged and respected in all matters pertaining to lands and resources for Aboriginal peoples.<sup>107</sup>

Other witnesses strongly criticized the implementation of existing land claims by the Department of Indian Affairs and Northern Development. In 2003, the Auditor General's report on *Transferring Federal Responsibilities to the North* similarly concluded that the Department of Indian Affairs and Northern Development "seems focussed on fulfilling the letter of the land claims' implementation plans but not the spirit" and that while "officials may believe that they have met their obligations" they have in fact "not worked to support the full intent of the land claims agreements".<sup>108</sup>

In November 2003, Aboriginal leaders, organizations and governments that had achieved land claim settlements met in Ottawa to urge the government to develop a new land claims implementation policy. Several witnesses appearing before the Committee suggested that the Government of Canada act to implement the key elements of a new policy, including:

- Recognition that the Crown in right of Canada, and not the Department of Indian Affairs and Northern Development, be party to the land and self government agreements;
- A federal commitment to achieve the broad objectives of land claim agreements, as opposed to mere technical compliance with narrowly defined obligations;
- Implementation be handled by appropriate senior level federal officials representing the entire Canadian government;
- An independent implementation audit and review body, separate from DIAND, be established.

Apart from securing jurisdiction over a defined land and resource base, land claim agreements generally contain a variety of economic development provisions, such as resource revenue sharing arrangements and impact benefit agreements. Nunavut Tunngavik spoke of the economic benefits to their communities derived from such arrangements:

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<sup>107</sup> *Proceedings*, 28 September 2006, Terry Waboose, Deputy Grand Chief, Nishnawbe Aski Nation.

<sup>108</sup> Auditor General of Canada, *Indian and Northern Affairs Canada – Transferring Federal Responsibilities to the North*, Chapter 8, 2003. This report is available on line at: <http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20031108ce.html>.

Impact benefit agreements are provided for in the Nunavut Land Claims Agreement and can secure community employment and commercial benefits from mining developments. The Nunavut Land Claims Agreement also provides for a small portion of Crown royalties to be paid to the Nunavut Trust...The land claim agreement provides that 50 per cent of the first \$2 million of Crown royalties shall be paid to Nunavut Trust. Above royalties of \$2 million, 5 per cent will be paid out.<sup>109</sup>

Officials from the Department of Indian Affairs and Northern Development also remarked on the associated employment and business development benefits of land claim agreements:

Two factors that have greatly assisted in the development of both employment and business opportunities, particularly in the mining sector in the Northwest Territories are the impact and benefit agreements and the associated socio-economic arrangements.<sup>110</sup>

Witnesses also emphasized the importance of resource revenue sharing arrangements. The Report of the Royal Commission on Aboriginal Peoples stated that such arrangements were critical in respect to providing greater access to resources needed for the alleviation of conditions of exclusion, poverty and unemployment. The Committee heard from the Grand Council of the Crees that the 2002 Paix des Braves or New Relationship Agreement signed with the Québec government goes some way in addressing this fundamental issue and includes provisions for sharing resource revenues from three sectors: electricity, mining and forestry.

Agreements that include resource revenue sharing arrangements, such as the one concluded between the Grand Council of the Crees and the Québec government, however, are far from common. The Federation of Saskatchewan Indian Nations told us that they have no meaningful way to share in revenues from development that takes place within their traditional territories (outside reserve boundaries):

Many First Nations still experience extremely limited access to resources. There is no process for formalized agreements to allow for benefits to be transferred to First Nations for development activity conducted on traditional territories.<sup>111</sup>

The exclusion from benefiting from resource development activities within their traditional territories was of great concern to many witnesses. The Manitoba Keewatinook Ininew Okimowin (MKO) proposed that federal legislation be developed requiring revenue sharing arrangements on resource development projects over which federal approvals are necessary. Examples could include pipeline or hydroelectric projects:

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<sup>109</sup> *Proceedings*, 28 November 2006, Brad Hickey, Acting Director, Economic and Business Development, Nunavut Tunngavik Inc.

<sup>110</sup> *Proceedings*, 14 June 2005, Leslie Whitby, Acting Director General, Natural Resources and Environment Branch, Northern Affairs Program.

<sup>111</sup> *Proceedings*, 26 September 2006, Bob Kayseas, Advisor, Federation of Saskatchewan Indian Nations.

We also strongly urge the committee to propose legislation to ensure that resource revenue sharing, benefit sharing and resource access arrangements are required by Canada as policy and as a statutory condition of federal approvals or licences for energy, water and natural resources developments, where approvals from Canada are required — for example, the development of hydroelectric stations that require approvals from both Fisheries and Oceans Canada and Transport Canada, and in any other circumstance where federal authority is required.<sup>112</sup>

In this respect, the Committee notes that in November 2004, the Supreme Court of Canada ruled that the Crown - federal and provincial - has a duty to consult Aboriginal peoples, and where appropriate *accommodate* their interests, when contemplating activities that may adversely affect Aboriginal rights and title. Importantly, the Court's rulings apply in situations where Aboriginal rights and title are as yet unproven, but the claim is credible. Within this context, the Committee believes that the proposal put forward by the MKO is particularly relevant and warrants further investigation. Moreover, such measures would go some way in establishing a process of reconciliation. On this point, the Supreme Court of Canada wrote:

The jurisprudence of this Court supports the view that the duty to consult and accommodate is part of a process of *fair dealing and reconciliation that begins with the assertion of sovereignty and continues beyond formal claims resolution*.<sup>113</sup>

The Committee feels that it is critical to give meaningful effect to the federal consultation and accommodation obligations, especially over development activities in the traditional territories of Aboriginal peoples, and recommends, accordingly:

**Recommended Action:**

**That the Government of Canada, in collaboration with Aboriginal organizations and communities, develop and implement a national Aboriginal Consultation and Accommodation Framework, consistent with Supreme Court of Canada rulings, and that such a Framework identify steps to ensure that resource revenue sharing arrangements be negotiated with affected Aboriginal groups in instances where federal approvals for resource development projects are triggered.**

Capacity to Manage Lands and Resources

The continued economic and social marginalization of Aboriginal people and communities suggest that current approaches to these issues have not worked. There can be no doubt that access to lands and resources is essential to reducing these disparities. Recent developments present some important opportunities in this regard. These include:

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<sup>112</sup> *Proceedings*, 27 September 2006, Michael Anderson, Research Director, Manitoba Keewatinook Ininew Okimowin.

<sup>113</sup> *Haida Nation v. British Columbia* (Minister of Forests), [2004] 3 S.C.R., November 18, 2004, paragraph 32.



- Supreme Court of Canada decisions recognizing Aboriginal rights over natural resources within their traditional territories;
- Creation of co-managed resource boards through land claim agreements;
- The transfer of lands and resources through the modern treaty-making and treaty land entitlement processes.

The Committee is concerned, however, that access to land and resources without the appropriate technical and scientific capacity to manage and develop those resources will result in diminished economic outcomes. We agree with Professor Jon Altman, Director of the Centre for Aboriginal Economic Policy Research that:

[H]aving ownership of property like oil and gas reserves is only of value in terms of either negotiating for their exploitation or having the capacity to exploit those resources yourself. It is fair to say that, in general, indigenous peoples in both Canada and Australia have not had the capacity to exploit those resources.<sup>114</sup>

On the issue of capacity, Lucy Pelletier, Chairperson, Saskatchewan Indian Equity Foundation Board, remarked that:

Due to the impact of treaty land entitlement, First Nations communities will be the largest land owners in the region. It is a challenge, as trustees have been established under the TLE framework, which is resulting in some First Nations, chiefs and councils being left behind in the area of governance and corporate knowledge. This could possibly be solved by educating the chiefs and councils in the area of corporate governance, as opposed to just the accountability principles.<sup>115</sup>

Likewise, the First Nations Land Advisory Board told the Committee that:

We need a training institute that focuses on that capacity development so communities will understand the process and the future and have the tools to manage their lands and resources. This is one of the missing pieces of the puzzle.<sup>116</sup>

In discussing the creation of resource management boards through land claim agreements in the north, the Auditor General noted that government must work to “develop skills related to quality standards, obligations and regulations that would increase the board’s accountability.”

In the following section on institutional development, we argue that few federal programs are in place to support the land and resource management capacity of Aboriginal people and communities. The Committee is convinced that increased access to land and

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<sup>114</sup> *Proceedings*, 8 December 2004, Professor Jon Altman, Centre for Aboriginal Economic Policy Research, Australian National University.

<sup>115</sup> *Proceedings*, 26 September 2006, Lucy Pelletier, Chairperson, Saskatchewan Indian Equity Foundation.

<sup>116</sup> *Proceedings*, 8 June 2005, Robert Louie, Chairman, First Nations Land Advisory Board.

resources, while essential, is not a sufficient condition for economic development in today's economy. The capacity to make use of those resources is equally important. Accordingly, the Committee recommends:

**Recommended Action:**

**That the Government of Canada develop targeted programs to support the land and natural resource management capacity of Aboriginal communities, including the possible establishment of an Aboriginal land and resource management agency.**

Conclusion

Aboriginal peoples view the recognition of their rights to land and resources as critical to ending dependency and attaining a measure of economic self-sufficiency. Lands and resources are the foundation upon which Aboriginal peoples can rebuild their economies and strengthen their communities. In turn, governments are realizing that unresolved land claims, and the ensuing uncertainty over lands and resources, have a direct economic cost, not only to Aboriginal peoples, but to Canadians generally.

## PART V: INSTITUTIONAL DEVELOPMENT (GOVERNANCE)

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*I want our people to be able to create their own institutions and build their own economies so that we do not need to go cap in hand to anyone.*

C.T. (Manny) Jules  
Spokesperson, First Nations Fiscal Institutions Initiative

Institutions are not merely bricks and mortar. They are the embodiment of decisions taken and settled upon by a society. Institutions - as the authors of the Harvard Project on American Indian Development noted - matter. Properly functioning and stable institutions provide the key elements that economic development and individual businesses require: predictability, regular practices, ethical norms of behaviour, intellectual and financial resources and above all, trust.

The term institution is commonly applied to customs and behaviour patterns important to a society, as well as to organizations of government and public service. These can be both formal (e.g. capital or lending corporations, legislative and regulatory frameworks) and informal (e.g., customs and practices). The role of institutions can be to shape economic and social behaviour (e.g. marriage). In this section, we look at the role institutions – financial, governance and capacity building – play in structuring economic interactions and in reducing business costs.

In her appearance before the Committee, the Auditor General of Canada told us that:

It is easier to deal with economic development once the institutions are in place. You have a means to resolve disputes, structure relationships and work with other parties because the institutions provide the certainty that both sides need in order to define how they want to work together.<sup>117</sup>

Canadians may take many of their institutions for granted, but they are cornerstone upon which their liberal democracies and economies are founded. And while they may complain about them, at times vigorously, these institutions are, for the most part, trusted. In the preamble to the *Bank of Canada Act*, enacted in 1934, Canadians agreed to establish a central bank to “regulate credit and currency in the best interests of the economic life of the nation” and to “promote the economic and financial welfare of Canada”.<sup>118</sup> This is the bargain citizens make and part of the purpose of establishing institutions; *to promote the economic and financial welfare of its citizens*. But it is a bargain that Aboriginal people have largely been left out of, the effects of which are apparent on their economies.

Since Confederation, mainstream institutions, and in particular financial institutions, have historically been inaccessible to Aboriginal people and remain so. In part, this is because

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<sup>117</sup> *Proceedings*, 4 May 2005, Sheila Fraser, Auditor General, Office of the Auditor General of Canada.

<sup>118</sup> *Bank of Canada Act* (R.S., 1985, c. B-2).

mainstream institutions are not designed with the Aboriginal constituency in mind. A prime example, witnesses told us that economic development, particularly on First Nations' reserves, is impeded by an inability to pledge reserve lands as security for debt financing. Without equity in their homes or land, the ability to raise capital, as well as the economic value of First Nations' lands, is severely undermined.

The difficulty private businesses face in securing loan financing from traditional banking sources was emphasized by several witnesses. Mr. Jack Blacksmith of the Cree Regional Authority, told the Committee that:

Many businesses struggle to get the proper funding through the banks. The banks are not very open to us because they will not get into any sort of business until they are fully covered in terms of the money they will loan.<sup>119</sup>

Others commented that:

While they [banks] all have Aboriginal departments and want to do Aboriginal business... they want to do it based on the business models that they have created for doing business in the white guy's world, and for us it really does not work.<sup>120</sup>

The Committee believes the establishment of new, targeted, market institutions - to create stable structures around economic interactions and fill the economic infrastructure gaps left by mainstream institutions - is essential to promote the "economic and financial welfare" of Aboriginal Canadians. Several witnesses, including the Auditor General of Canada, told us that strengthening institutional arrangements (organizational structures, rules, practices and procedures) in Aboriginal communities is critical to their sustained economic development. In his testimony, Guy Lonechild, Interim Chief, Federation of Saskatchewan Indian Nations, observed that:

Institutional development is critical and will be crucial to the success of First Nations in particular, and will impact their living conditions both on and off reserve.<sup>121</sup>

Attempting to achieve economic development without an adequate institutional base is, according to Professor Fred Wein of Dalhousie University, a short-sighted endeavour:

To do economic development successfully you need to go beyond the narrow confines of economic considerations, such as whether there is

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<sup>119</sup> *Proceedings*, 28 November 2006, Jack Blacksmith, President, Cree Regional Economic Enterprises Co.

<sup>120</sup> *Proceedings*, 26 September 2006, Matthew Sherry, Economic Development Advisor, Saskatoon Tribal Council.

<sup>121</sup> *Proceedings*, 26 September 2006, Guy Lonechild, Interim Chief, Federation of Saskatchewan Indian Nations.

enough capital available or enough support for small business... You need to consider the broader question of institutional development.<sup>122</sup>

This point was reinforced by several witnesses, including Manny Jules, who told the Committee:

There are over 200 First Nations' communities that have a competitive advantage in location and access to resources and labour, *but they are missing the basic market institutions that are common elsewhere in Canada.*<sup>123</sup> [Emphasis Added]

The Committee agrees with the Manitoba Métis Federation and other witnesses that addressing these institutional gaps is a key role for policy-makers and helps to “create the conditions under which economic development can thrive”.<sup>124</sup> To date, however, government support and innovation around the establishment of Aboriginal institutional arrangements has been slow and reactive. In her testimony before the Committee, the Auditor General reported that her office - having previously examined the nature of Aboriginal economic development - found that “federal support for institutional development was not yet sufficient to help First Nations overcome the barriers and take control of their economic development.”<sup>125</sup>

Indeed, recent developments in institution building, such as the *First Nations Fiscal and Statistical Management Act*, the *First Nations Land Management Act*, the *First Nations Oil and Gas and Money Management Act* and the *First Nations Commercial and Industrial Act*, have been primarily the culmination of efforts spearheaded by Aboriginal people themselves. These notable achievements are attempts by Aboriginal people to design new institutional arrangements to address the structural causes of market failure on their lands, including: uncertainty over land tenure, narrow decision-making authority, investment facilitation, the absence of clear policies and procedures, and effective regulatory regimes.

The legislative initiatives mentioned above complement the network of Aboriginal economic development and financial institutions that Aboriginal people have worked hard to establish. Development corporations are playing a leading role in strengthening Aboriginal economies by identifying and developing local economic opportunities as well as providing business, financial and investment services to their members. Aboriginal Capital Corporations (ACCs) also play a critical role by addressing the shortage of available credit to finance Aboriginal business development. In doing so, they fill a much needed gap.

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<sup>122</sup> *Proceedings*, 17 November 2004, Professor Fred Wien, Director, Atlantic Aboriginal Health Research Program, Dalhousie University.

<sup>123</sup> *Proceedings*, 24 November 2004, C.T. (Manny) Jules, Spokesperson, First Nations Fiscal Institutions Initiative.

<sup>124</sup> *Proceedings*, 27 September 2006, Jack Park, Chair of Economic Development, Manitoba Métis Federation.

<sup>125</sup> *Proceedings*, 4 May 2005, Sheila Fraser, Auditor General, Office of the Auditor General of Canada.

Today, there are approximately 50 such institutions across the country. Aboriginal Capital Corporations often act as a lender of last resort. According to Professor Wein, “if a person cannot go to the bank and get a loan there, if they are deemed to be high risk or too small to bother with...then they will come to the Aboriginal Capital Corporation.”<sup>126</sup>

The Committee acknowledges how instrumental these institutions have been in building profitable business enterprises and improving the economic futures of Aboriginal communities. They are remarkable success stories by anyone’s standards. We agree with the Auditor General that institutional development “requires the government to work in the background, helping Aboriginal communities establish institutions and develop them in a sustainable way”.<sup>127</sup> These successes, however, have been gained in spite of insufficient government support.

Many Aboriginal Capital Corporations work at a financial and operational disadvantage from similar mainstream institutions. Ms. Lucy Pelletier of the Saskatchewan Indian Equity Foundation Board told us that as an Aboriginal Financial Institution they “lack capital and operating subsidies”<sup>128</sup> similar to what is provided other Canadian financial institutions. Ms. Crystal Laborero of the Tribal Wi-Chi-Way-Win Capital Corporation commented that the lack of operational funding contributes to their high interest rates.<sup>129</sup> “It is very difficult” Professor Wein told the Committee “for those corporations to maintain themselves from one year to the next because, understandably, they have a higher ratio of loan losses than a bank, for example. Yet, they do not have funding for their core staff. In other words, they have to maintain their operation based on the loans that they give out and the interest that they get back. They are in a no-win situation.”<sup>130</sup>

This Committee agrees with witnesses that a more equitable arrangement to support the ongoing operations of Aboriginal financial institutions, in particular Aboriginal Capital Corporations, is necessary. Based on the evidence before the Committee regarding the difficulty in accessing capital through the traditional banking system and in order to improve the overall quality of lending programs through Aboriginal financial institutions, the Committee recommends:

**Recommended Action:**

**That the Government of Canada, in collaboration with the National Aboriginal Capital Corporation Association of Canada, take immediate steps to remedy the lack of operating subsidies currently provided to Aboriginal Capital Corporations.**

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<sup>126</sup> *Proceedings*, 17 November 2004, Professor Fred Wien, Director, Atlantic Aboriginal Health Research Program, Dalhousie University.

<sup>127</sup> *Proceedings*, 4 May 2005, Sheila Fraser, Auditor General, Office of the Auditor General of Canada.

<sup>128</sup> *Proceedings*, 26 September 2006, Lucy Pelletier, Chairperson, Saskatchewan Indian Equity Foundation Board.

<sup>129</sup> *Proceedings*, 27 September 2006, Crystal Laborero of the Tribal Wi-Chi-Way-Win Capital Corporation.

<sup>130</sup> *Proceedings*, 17 November 2004, Professor Fred Wien, Director, Atlantic Aboriginal Health Research Program, Dalhousie University.

Institutional support by specific sectors, especially with regard to natural resources, should also be supported. Several witnesses commented on the importance of the resource-based economy to the economic well-being of a majority of Aboriginal people. They spoke of the urgent need for capacity building in this area in order to more effectively manage those resources and to take advantage of resource development opportunities within their traditional territories.

In his testimony to the Committee, Mr. Harry Bombay, Director, National Aboriginal Forestry Association, indicated that Aboriginal people involved in the forestry sector are concentrated mainly in the lower-skilled, lower-paying positions such as tree planting, logging and firefighting. Aboriginal businesses, he suggests, are far less involved in the more lucrative processing, downstream marketing, promotion and distribution of forest products. This is true for other sectors of the resource-based economy such as mining and energy development.

Very few federal programs support Aboriginal participation in the natural resource sectors through the transfer of knowledge and other capacity-building initiatives. The First Nations Forestry Program – a small, five-year program with a budget of \$5 million annually for the entire country – while successful, is not designed to address many of the capacity needs of First Nations, such as forest research and training around technological initiatives in the sector. According to Mr. Bombay:

[I]nstitutional support for Aboriginal forestry, including policy, organizational and research support, is vastly inadequate.<sup>131</sup>

Although the First Nations Forestry Program is limited in scope, the Committee is not aware of similar programs in other resource-based sectors, including mining, an area which holds many opportunities for Aboriginal economic development.

Based on the importance of the resource-based economy to a majority of Aboriginal communities – many of which are located in close proximity to those resources – the Committee is alarmed that the institutional capacity to assist Aboriginal people in benefiting from those opportunities is essentially absent. As Manny Jules remarked: “when you have the potential for that kind of development, you have to have an institutional capacity to capitalize on it. That is not the case right now.”<sup>132</sup>

Accordingly, the Committee recommends:

**Recommended Action:**

**That the Government of Canada, in collaboration with Aboriginal organizations, establish a comprehensive Aboriginal Natural Resources Economic Development Strategy, and that the Strategy include institutional**

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<sup>131</sup> *Proceedings*, 31 May 2006, Harry Bombay, Director, Strategic Initiatives, National Aboriginal Forestry Association.

<sup>132</sup> *Proceedings*, 24 November 2004, C.T. (Manny) Jules, Spokesperson, First Nations Fiscal Institutions Initiative.

**arrangements to support increased Aboriginal capacity and participation in the resource-based economy.**

The Committee believes that in order for Aboriginal people to become meaningful players in the Canadian economy and to develop and manage their own economies, serious attention must be given to developing appropriate institutional arrangements. *Good policies and programs are not enough.* Greater support for the development of Aboriginal economic and financial institutions is a crucial determinant of economic success.

The Committee feels strongly that, through appropriate institution building, Aboriginal people can become full economic partners in the federation: no longer shut out of the economic bargain which Canadians have made and operationalized through their public institutions. This point was not lost on our witnesses and is worth repeating here:

For the last 130 years, the rest of Canada has created systems and frameworks that make buying and selling a home, researching an opportunity, zoning a property and building a residential or commercial development relatively simple. You take public institutions that support a market economy for granted. You do not even realize that we are missing similar institutions.<sup>133</sup>

The Committee is mindful of the recommendations put forward by several witnesses for the development of an organization for “economic cooperation and partnerships” that would facilitate, identify and raise awareness of the investment potential in Aboriginal communities as well as train Aboriginal investment specialists. More broadly, the Committee notes the significant gaps with respect to training, knowledge transfers and financial support for individuals, communities and businesses around economic development, practices and procedures. Accordingly the Committee recommends:

**Recommended Action:**

**That the Government of Canada, in collaboration with Aboriginal organizations, take measures to develop institutional arrangements to support Aboriginal economic development, including an institution for excellence and capacity building.**

Based on the evidence before it, this Committee believes that without effective, responsive institutional arrangements capable of sustaining development, extending accountability, outlining fair administrative practices, giving greater control over planning decisions and investment resources to communities, and providing appropriate capacity and financial support, sustained economic development can not occur.

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<sup>133</sup> *Ibid.*



### ***Institutions: Multiplying Economic Benefits***

**Khowutzun Development Corporation, Cowichan Tribes, BC:** Established in 1993 by the leadership of the Cowichan community to develop and manage all business interests on behalf of the community and to transform economic opportunities into training, employment and wealth for the Cowichan people, it owns and operates six companies with total economic revenues of approximately \$24 million. Fifteen years ago, 80 per cent of the employable Cowichan population was unemployed. Today, through the efforts of the development corporation and the leadership provided by the Cowichan tribes, over 600 jobs have been created.

**Kitsaki Management Limited Partnership, Lac La Ronge Indian Band, SK:** Early in 1980 the Lac La Ronge Band Council met to determine the future of their community. They realized that their reliance on the federal government was destroying both their society and their economy. They needed to develop business ventures that provided employment opportunities for First Nations people. But they had few resources, and no means of accessing investment or loan capital. In a bold move they formed the Kitsaki Development Corporation, now Kitsaki Management Limited Partnership as a commercial entity that could borrow money against its collateral like any business venture off the reserve. They contracted a non-First Nations manager and accountant to assist in the operation of the corporation. Twenty five years later, Kitsaki has become one of the best examples of community-based economic development in the province. The band of 8,000 First Nations people owns or jointly owns thirty companies and twelve businesses, including a hotel, a catering company that service the northern forest and mining industry, and many other ventures. Gross total sales for the year ending March 2006 exceeded \$70 million. Kitsaki has also been a leader in developing education and training programs for band members.

**Sasknative Economic Development Corporation.** It is a Métis-owned lending institution created to finance the start-up, purchase or expansion of viable Métis-controlled small businesses in Saskatchewan. Established in 1987, it was originally provided with a \$5 million capital base by Industry Canada/Aboriginal Business Canada. It has since disbursed 1,054 loans totalling \$24.4 million for 582 Métis-owned businesses. These businesses have created or maintained employment for approximately 1,730 Métis people in Saskatchewan.



## PART VI: TRAINING AND EDUCATION

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*Education is the key to any success.*

Joe Morrisseau, Executive Director  
Manitoba Aboriginal and Northern Affairs

The Canadian economy is experiencing a period of sustained expansion, buoyed by rising commodity prices and strong demand, both domestically and internationally, for Canadian goods and services. Nationally, unemployment hit a 30-year low in the spring of 2006 and again in December. There are numerous jobs available throughout the country, notably in some of the natural resource sectors (e.g., oil and gas, mining, and, to a lesser extent, forestry) whose activities frequently occur near Aboriginal communities. Despite these opportunities, however, Aboriginal people often lack the basic skills and expertise required to take advantage of such job opportunities. “There is no question” Lester D. Lafond told the Committee “that there is a huge shortage of skills amongst First Nations people, and that is a major problem.”<sup>134</sup>

Of notable interest, the structure of the Canadian economy has evolved considerably in recent decades, and the vast majority of new jobs created in Canada require, at a minimum, a grade 12 education. The Auditor General of Canada told us that this is a barrier for Aboriginal Canadians since, compared with the general Canadian population, a much smaller percentage hold a post-secondary certificate, diploma, or degree.<sup>135</sup> A prime example, Avrim Lazar, President and CEO of the Forest Products Association of Canada, told the Committee that there are only about 20 trained Aboriginal foresters in Canada. Mr. Lazar concluded that:

If we had basic skills, if there was more emphasis on math, science and basic skills in the Aboriginal communities, the economic opportunities, not just for jobs but for businesses, are enormous.<sup>136</sup>

Overall, Aboriginal education attainment levels are substantially lower than those of the general Canadian population. Findings of a 2004 report of the Auditor General suggest that “a significant education gap exists between First Nations people living on reserves and the Canadian population as a whole”.<sup>137</sup> The report estimates that, at current levels, it could take as much as 28 years to close the gap. The Committee heard similar testimony

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<sup>134</sup> *Proceedings*, 26 September 2006, Lester D. Lafond, President, Lafond Insurance and Financial Services Ltd.

<sup>135</sup> Auditor General of Canada, *November 2004 Report of the Auditor General of Canada*, “Chapter 5 – Indian and Northern Affairs Canada – Education Program and Post-Secondary Student Support,” November 2004.

<sup>136</sup> *Proceedings*, 6 December 2006, Avrim Lazar, President and CEO, Forest Products Association of Canada.

<sup>137</sup> Auditor General of Canada, *November 2004 Report of the Auditor General of Canada*, “Chapter 5 – Indian and Northern Affairs Canada – Education Program and Post-Secondary Student Support,” November 2004. This report can be consulted on line at: <http://www.oag-bvg.gc.ca/domino/reports.nsf/html/20041105ce.html>.

that in Nunavut, where the majority of the population is Inuit, only about 25% of students are finishing school.<sup>138</sup>

There are a number of reasons why this education gap exists. The Auditor General's report notes that because many First Nations' communities are small, with fewer than 500 residents, schools in those communities have difficulty providing a range of educational services. The poor socio-economic conditions of Aboriginal communities, racism, and issues related to geography and demography are also contributing factors.

Witnesses, however, told the Committee that closing the education gap is one of the most important pre-conditions for successful, long-term economic and community development. Inadequate levels of education, combined with insufficient training and inadequate work experience, are key impediments to greater Aboriginal participation in the economy.<sup>139</sup> In addition, because a great number of Aboriginal people have been involved in business for only one or two generations, there is still a lack of role models and mentors in this area. Guy Lonechild, Interim Chief of the Federation of Saskatchewan Indian Nations told the Committee that:

In order to close the employment, income, economic and social gaps, we need to close the Aboriginal education gap...A well-educated and skilled labour force is critical to a society's social and economic well-being.<sup>140</sup>

Aboriginal communities that have done well in business and other economic ventures, such as the Cowichan Tribes, attribute their success to education and training.<sup>141</sup> Ian Cramer, senior business advisor for the Assembly of Manitoba Chiefs, told the Committee that:

Education and training leading to higher-level jobs, greater personal and family incomes and increased stability would go a long way to closing the gap that exists between the haves and have-nots of this province and country.<sup>142</sup>

Mr. Cramer further observed that focusing on education and training would also help the broader economy by providing a skilled work force capable of filling key positions in many sectors. The absence of basic literacy skills, however, can often be a barrier to obtaining available training offered by industry. Avrim Lazar of the Canadian Forest Products Association told the Committee:

[Y]ou need functional literacy to get trained...You need your math literacy and you need your language literacy. If you have not got the math

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<sup>138</sup> *Proceedings*, 28 November 2006, Brad Hickes, Acting Director, Economic and Business Development, Nunavut Tunngavik Inc..

<sup>139</sup> *Proceedings*, 14 June 2005, Leslie Whitby, Acting Director General, Natural Resources and Environment Branch, Northern Affairs Program, Indian and Northern Affairs Canada.

<sup>140</sup> *Proceedings*, 26 September 2006, Guy Lonechild, Interim Chief, Federation of Saskatchewan Indian Nations.

<sup>141</sup> *Proceedings*, 25 October 2005, Brennan Gohn, Communications Manager, Khowutzun Development Corporation.

<sup>142</sup> *Proceedings*, 27 September 2006, Ian Cramer, Senior Business Advisor, Assembly of Manitoba Chiefs.

and language literacy we cannot train you...our equipment is so high-tech that you have to be able to understand the manual and understand how it works.<sup>143</sup>

In her testimony to the Committee, Emma Palmantier of the Burns Lake Native Development Corporation, remarked that private sector enterprises working with First Nations on joint ventures in the forest sector, require that prospective employees have successfully completed grade 12 as a condition of employment.<sup>144</sup> Similarly, Bob Monkman, Manager of Community Relations for Manitoba Hydro, told the Committee that while Manitoba Hydro is striving to engage Aboriginal people in its activities, it too is faced with the difficult task of recruiting qualified Aboriginal applicants for jobs in technical and professional occupations that require specific skills and training.<sup>145</sup>

The result is that Aboriginal people are too often left to fill low-paying jobs requiring few skills and offering scant upward mobility. For example, the Committee heard evidence that in the forest sector, Aboriginal people are disproportionately confined to lower-paid, short-term, positions in harvesting and silviculture.<sup>146</sup> Aboriginal-owned businesses active in the natural resource industries have been able to carve out niches in areas such as catering, transportation, firefighting, road-building and construction, but are significantly under-represented in the more profitable value-added activities.

Difficulty in recruiting qualified Aboriginal employees is not confined to the private sector, generally, but extends to Aboriginal-owned enterprises as well. Jack Blacksmith, President of the Cree Regional Enterprises Company (CREECO) told the Committee that:

In the last year, CREECO had about 1,500 jobs we could offer to our people. Maybe more than half of those positions we could not fill with our people because they did not have the proper skills to perform the jobs.<sup>147</sup>

Similarly, John Bernard, President and CEO of Donna Cona Inc., an Aboriginal-owned information technology company, testified that his company's biggest challenge was "trying to recruit and retain qualified Aboriginal employees."<sup>148</sup>

The lack of adequate training and capacity has meant that Aboriginal communities and businesses must often rely on outside help, especially when first setting up a business. Chief Clarence Louie of the Osoyoos Indian Band told the Committee:

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<sup>143</sup> *Proceedings*, 6 December 2006, Avrim Lazar, President and CEO, Forest Products Association of Canada.

<sup>144</sup> *Proceedings*, 24 October 2005, Emma Palmantier, Chief of Lake Babine Nation and Vice-Chair, Burns Lake Native Development Corporation.

<sup>145</sup> *Proceedings*, 27 September 2006, Bob Monkman, Manager of Community Relations, Aboriginal Relations Division, Manitoba Hydro.

<sup>146</sup> *Proceedings*, 8 June 2005, Barry Seymour, Former Chief of Lheidli T'enneh First Nation, First Nations Lands Advisory Board.

<sup>147</sup> *Proceedings*, 28 November 2006, Jack Blacksmith, President, Cree Regional Economic Enterprises Co. (CREECO) and Chairman of the Board of Compensation, Grand Council of the Crees.

<sup>148</sup> *Proceedings*, 7 June 2006, John Bernard, President and CEO, Donna Cona.

That is one of the things I tell these Native groups. I do not care if they like it or not, I always tell them, once you get into business, it is not based on race. You cannot run businesses based on race. You do not hire people based on race and you do not put Natives in charge of million-dollar ships when they do not have the qualifications or the skills. I do not care who they are, band members or not. Half of our businesses are run by First Nations people. Two of those are Osoyoos Indian Band members, but they had to earn those positions. They had to leave the community, go down to the States and get their degree. Even when they came back, they did not immediately get the job. They had to work under the non-Native manager for "X" number of years before they were promoted.<sup>149</sup>

We were reminded by several witnesses, however, that many Aboriginal Canadians are first generation business people.<sup>150</sup> Accordingly, building the capacity necessary to succeed in the world of business will take time.

Witnesses argued that the federal and provincial governments, however, are relying on immigration to fill higher skilled positions, rather than focusing on training initiatives for Aboriginal people. Harry Goodrunning, an expert in Aboriginal education, commented that governments are “filling the labour force with immigrant workers rather than directing attention and resources to the domestic First Nation labour force potential.”<sup>151</sup> This is particularly true, we were told, in western Canada which is currently experiencing a widespread boom, notably in the oil and gas and construction industries. Harold Calla, senior councillor for the Squamish First Nation, told the Committee that Aboriginal people, by and large, are confined to the margins of this boom while others take advantage of the opportunities:

[W]e have a labour shortage here. I have talked to a number of people in the construction industry in this province who are importing people from Ontario in order to stay on schedule. We have lots of people. There are 16,000 status Indians in downtown Vancouver whom we can train, put to work and provide opportunities for, but we need changes to the system. We need changes in how HR dollars can be spent, those kinds of issues.<sup>152</sup>

Finding employment and developing the skills needed to participate in the labour force is not the only challenge facing Aboriginal Canadians looking to participate in the market economy. Limited capacity and training can also limit the ability of Aboriginal communities and individuals looking to start their own businesses and pursue economic development projects. The Committee heard ample testimony that for these communities to succeed in the fast-paced world of business, “[y]ou need to have folks who know what they are doing”.<sup>153</sup>

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<sup>149</sup> *Proceedings*, 26 October 2005, Clarence Louie, Chief, Osoyoos Indian Band.

<sup>150</sup> *Proceedings*, 25 October 2005, Brenda Baptiste, Chair, Aboriginal Tourism Association of British Columbia.

<sup>151</sup> *Proceedings*, 27 October 2005, Harry Goodrunning, Education Portfolio Holder, Sunchild First Nation, Sunchild E-Learning Community.

<sup>152</sup> *Proceeding*, 25 October 2005, Harold Calla, Senior Councillor, Squamish First Nation.

<sup>153</sup> *Proceedings*, 27 October 2005, Alden Armstrong, President, Metis Settlements General Council.

Aboriginal communities, striving to become involved in business ventures, are experiencing a pressing need for experts in business operation and management, land and resource management and investment facilitation.<sup>154</sup> Today, there is still a considerable shortfall of Aboriginal people with the education, workforce/business skills and experiences that would allow them to take up these roles.

Education and training must more adequately respond to needs

Several witnesses suggested there was a disconnect between the education and training offered to Aboriginal youth and the employment opportunities available in Aboriginal communities. Al Hilton, Deputy Minister of Saskatchewan Northern Affairs, spoke persuasively of the need for governments to look seriously at this issue and suggested that vocational training in high schools, especially in the north, should be considered.<sup>155</sup>

Similarly, Bill McLaughlin, Chief Executive Officer of Northlands College in northern Saskatchewan suggested that almost one-third of northern adults have less than a grade nine education and nearly half of either dropped out of the labour force or never participated. Part of the problem, according to Bill McLaughlin, is that traditional education systems fail to meet the needs of northerners. Northlands College – one of 8 publicly funded regional colleges in Saskatchewan – has a specific mandate, however, to provide training to address the labour market needs of northern residents. This is largely accomplished, quite successfully, through sectoral partnerships in mining and forestry. The training strategies are based on industry human resource requirements as well as training needed to support northern business development related to those industries.<sup>156</sup>

Industry leaders also indicated similar concerns. Avrim Lazar, President and CEO of the Forest Products Association of Canada, questioned whether the education system is adapted to the circumstances of Aboriginal people:

I do not know what the numbers are but we are spending an impressive amount of money on education...The current education approach does not work, so let us change it.<sup>157</sup>

Elementary and secondary education is the largest program activity at the Department of Indian Affairs and Northern Development, with expenses expected to total about \$1.6 billion in 2006-07, or about one-quarter of the Department's total planned spending.<sup>158</sup> Given the importance of education and training, as well as the substantial sums of money already being spent in this area, the Committee believes that improved outcomes are necessary. It is clear to us that in order to achieve better results, education should be relevant to the needs of Aboriginal people. The Committee is of the view that governments need to consider new approaches to education and training that prepare

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<sup>154</sup> *Proceedings*, 8 June 2005, Robert Louie, Chairman of the First Nations Lands Advisory Board and Chief of the Westbank First Nation.

<sup>155</sup> Fact-finding mission in Lac La Ronge, Saskatchewan, 25 September 2006.

<sup>156</sup> Bill McLaughlin, Chief Executive Officer, Northlands College, *Submission*.

<sup>157</sup> *Proceedings*, 6 December 2006, Avrim Lazar, President and CEO, Forest Products Association of Canada.

<sup>158</sup> Indian and Northern Affairs Canada, *Report on Plans and Priorities 2006-2007*, September 2006.

Aboriginal people to be full and active participants in today's economy. Recent initiatives, such as the *First Nations Jurisdiction Over Education in British Columbia Act*, which puts in place a process to transfer jurisdiction over on reserve education to participating First Nations in British Columbia, may hold out some promise in this regard.

The Committee was particularly interested to learn about an innovative model that is being implemented in Saskatchewan whereby training in the trades is being incorporated into the high school curriculum in order to sustain the scholastic interest of Aboriginal (and other) youth.<sup>159</sup> Similarly, the Committee received testimony suggesting that the federal government should:

[A]llocate more resources to community based education and training so that literacy and technical and business competencies are strengthened and individuals get an opportunity to acquire the basic skills required for technical and professional occupations.<sup>160</sup>

Witnesses repeatedly suggested that the private sector has an important role to play, especially in light of impending labour shortages. Chief Helen Ben of the Meadow Lake Tribal Council told the Committee, "industry also needs to have a bigger role in this and try to make sure that some mentoring happens and that there is communication with schools and individual First Nations."<sup>161</sup>

Some companies have already taken interesting steps in that direction. A primary example, Encana partnered with the Northern Alberta Institute of Technology (NAIT) to establish a mobile training unit. The mobile unit goes into communities and delivers six to eight week training programs to youth in areas such as plumbing, electrical or woodworking. Aboriginal youth are exposed to these trades without having to leave their communities. Afforded the chance to see whether they are interested in pursuing a career in the skilled trades, the next step is to enrol in a more complete program at NAIT. The Workplace Learning Program at the Ekati Diamond Mine in the Northwest Territories, designed to enhance reading, writing and numeracy skills, has helped Aboriginal employees upgrade their skills for trade entrance exams. Initiatives such as these, and others, like the Junior Rangers Program which takes youth who are in grades 10, 11 and 12 through a summer program, providing them with basic forestry-related skills, are extremely successful. They help to address, according to Mr. Lazar, "some of the gaps for kids who tend to drop out at around grade ten" adding that "these programs are great for doing that."<sup>162</sup>

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<sup>159</sup> *Proceedings*, 26 September 2006, Richard Gladue, Assistant Deputy Minister, Saskatchewan First Nations and Métis Relations.

<sup>160</sup> *Proceedings*, 27 September 2006, Bob Monkman, Manager of Community Relations, Aboriginal Relations Division, Manitoba Hydro.

<sup>161</sup> *Proceedings*, 26 September 2006, Helen Ben, Chief, Meadow Lake Tribal Council.

<sup>162</sup> *Proceedings*, 6 December 2006, Avrim Lazar, President and CEO, Forest Products Association of Canada.



Governments can help facilitate this type of activity by providing fiscal incentives to companies that establish Aboriginal apprenticeship initiatives or otherwise participate in the development of Aboriginal technical and professional expertise. Aboriginal communities, governments and industry must work together to ensure that Aboriginal people acquire the education and skills needed to participate more fully in a modern economy. Such investments are critical and respond both to the needs of Aboriginal people and industry alike. Accordingly, the Committee recommends:

**Recommended Action:**

**That the Government of Canada take immediate steps to increase recruitment for, and strengthen, apprenticeship, literacy and numeracy programs targeted to Aboriginal learners, and provide fiscal incentives to companies that develop or offer Aboriginal apprenticeship programs, including workplace literacy and numeracy programs.**



## **PART VII: LOCATION, SIZE AND INFRASTRUCTURE**

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### Location and size

The geographical location and physical size of many Inuit and First Nations' communities can significantly affect the prospects for economic development. Many such communities are remote, small in size as well as in population and are separated from (larger) traditional territories as well as local, regional economies. Consequently, their economic viability can be severely challenged. This is increasingly the case as traditional economies (hunting, fishing and trapping) are being overshadowed by post-industrial, technology-based economies. While some communities with these characteristics have done well, it has often been in relation to the presence of significant resource development on or around traditional territories. Small physical size is less a factor in southern regions where community reliance on harvesting activities is far less pronounced. Nevertheless, combined, these factors can be significant barriers to economic development.

Conversely, communities located in, or near, urban centres are *normally*, though not always, better positioned to take advantage of economic development opportunities, simply unavailable to communities that are geographically isolated. Connections to key infrastructure, such as highways and broadband networks, proximity to markets and large population centres, often place these communities at a competitive advantage. For example, the Millbrook First Nation, located near Truro, Nova Scotia, and the Westbank First Nation in Kelowna, British Columbia, have both demonstrated success in retail and commercial endeavours. Such developments would not likely have been possible had these First Nations not had the advantage of location.

Throughout the course of its hearings, the Committee heard testimony from a number of First Nations and Inuit people whose communities are isolated, and some, almost completely so. While in Manitoba, the Committee learned that 19 of Manitoba's 64 First Nations are not accessible by all-weather roads.<sup>163</sup> For most of the year these communities are essentially cut off from the rest of the province. The only access is by air. This is not uncommon. The Committee received testimony from many First Nations' leaders who described how they have been "pushed out of the way" so that others could profit from the land.<sup>164</sup> The example given to the Committee by Clarence Louie, Chief of the Osoyoos Indian Band, located in British Columbia, is instructive:

I have been across this country and seen the isolation of most First Nations, which again was purposely done during the settlement era, the colonial period, when the Natives were pushed up against the rocks and the best farmlands were taken. Natives were given the marshlands and were pushed away from the best farming areas, the best trade routes and so forth.<sup>165</sup>

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<sup>163</sup> *Proceedings*, 27 September 2006, Ian Cramer, Senior Business Advisor, Assembly of Manitoba Chiefs.

<sup>164</sup> *Ibid.*

<sup>165</sup> *Proceedings*, 26 October 2005, Clarence Louie, Chief, Osoyoos Indian Band.

In his testimony, Chief Louie concluded that part of the reason that his community has been able to experience success in their various business ventures is that they do not have to face the “isolation factor.”

In much the same way that location is important, size is also important. Small Aboriginal communities often find it difficult to develop their economies, or otherwise capitalize on commercial opportunities, because they lack the necessary infrastructure, capital, expertise and skills. Thomas Smith, a councillor and economic development officer for British Columbia’s Tlowitsis First Nation, described to the Committee how his community has been striving to develop an economy for over 20 years, but with little success. The Tlowitsis First Nation has a membership of only 350 people, but no central community. Rather, there are 11 reserves, totalling 467 acres, which are isolated from one another and from the rest of the province.<sup>166</sup> Given these circumstances, it is not surprising, that the Tlowitsis First Nation has been unable to enjoy the level of economic success to which it aspires.

However, communities which have been able to form regional alliances have, in some instances, been able to collectively improve their socio-economic situation. The Committee heard how, in northern Saskatchewan, four Dene and five Cree communities are working together, through the Meadow Lake Tribal Council, to pursue common economic development objectives.<sup>167</sup> Likewise, Roy Vermillion, Chief Executive Officer of the Athabasca Tribal Council (ATC) told the Committee that the Council’s members have experienced more success by working together as a united front.<sup>168</sup> Similarly, Christina Rowland, an economic development officer for the Okanagan Nation Alliance, noted that the First Nations of the Okanagan region of British Columbia have made “significant progress” by building alliances and by working to stimulate the economic development of the region rather than focusing solely on individual municipalities or bands.<sup>169</sup> Increasingly, smaller communities are recognizing that the best way to collectively improve their prospects is by working together to address common challenges and opportunities. As Art Steritt, Executive Director of British Columbia’s Coastal First Nations noted in his appearance before the Committee:

For many years our communities worked in isolation. It was only five years ago that leaders of First Nations communities along the coast gathered for the first time to discuss common problems such as high unemployment, lack of economic opportunity in the resource sectors and lack of access to resources in our traditional territories. These are common to all of our communities. It was clear from the outset that our strength would come from forming a coast- wide united front. Together we could make progress on socio-economic issues that we had been largely unable to do as individual communities.<sup>170</sup>

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<sup>166</sup> *Proceedings*, 24 October 2005, Thomas Smith, Councillor, Economic Development Officer, Tlowitsis First Nation.

<sup>167</sup> *Proceedings*, 26 September 2006, Chief Helen Ben, Meadow Lake Tribal Council.

<sup>168</sup> *Proceedings*, 26 October 2005, Roy Vermillion, CEO, Athabasca Tribal Council.

<sup>169</sup> *Proceedings*, 26 October 2005, Christina Rowland, Economic Development Officer, Okanagan Nation Alliance.

<sup>170</sup> *Proceedings*, 25 October 2005, Art Steritt, Executive Director, Coastal First Nations.

Working together is not always easy. Some First Nations' communities have tried and failed to form strong alliances due to conflicts over priorities and money, for example.<sup>171</sup> Nevertheless, the experiences of groups such as the Athabasca Tribal Council, the Coastal First Nations and the Okanagan Nation Alliance suggest that forming partnerships and alliances can help to surmount some of the obstacles facing Aboriginal communities, most notably, isolation and small size.

Interestingly, some First Nations have also been able to create new economic opportunities for themselves by incorporating an urban element in their economic development strategies. In his appearance before the Committee, Professor Fred Wien of Dalhousie University cited Cape Breton's Membertou First Nation as an example of a group that was able to bring economic benefits to their community by setting up an economic base in a major urban centre. Pr. Wien recounts in his testimony:

[I]n the mid-1990s, the chief at Membertou, and this is an example of leadership and its importance, decided that the situation of welfare dependency and deficits and so on could not continue, so they decided, even though they were located in Sydney, to develop an urban base in Halifax. They rented an office suite in the Purdy's Wharf tower on the Halifax waterfront, with a beautiful boardroom with a view over the harbour. They just felt they needed a presence in Halifax, and they felt that given that their strategy was joint ventures with major corporations and so on, that they would have much more success doing it from that base rather than trying to fly people into Sydney and into this relatively poor community. That is one example of deliberately carving out an urban strategy.<sup>172</sup>

Pr. Wien also noted that some First Nations in Saskatchewan and Manitoba, which received monetary compensation for infringements on their treaty rights, used those monies to develop businesses, such as commercial centres and hotels, in urban areas.

Some First Nations' leaders told the Committee that the Government of Canada could support the economic development aspirations of First Nations not only by helping them acquire lands in urban areas, but by facilitating the process of converting those lands to Indian reserve lands.<sup>173</sup> While the Committee recognizes that the creation of urban reserves is a controversial idea to some, we believe that it merits further consideration on the part of the federal government and other stakeholders. The time has come to find creative ways of overcoming the "isolation factor" that constrains too many communities from reaching their full economic potential.

### Infrastructure

A great many First Nations and Inuit communities lack the basic infrastructure that the majority of Canadians take for granted. This is most apparent on reserve and in the far

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<sup>171</sup> *Proceedings*, 24 October 2005, Thomas Smith, Councillor, Economic Development Officer, Tlowitsis First Nation.

<sup>172</sup> *Proceedings*, 17 November 2004, Professor Fred Wien, Director, Atlantic Aboriginal Health Research Program, Dalhousie University.

<sup>173</sup> *Proceedings*, 26 October 2005, Sophie Pierre, Chief, St. Mary's Indian Band.

north, where run-down housing, poor roads, unsafe water supply and substandard telecommunications infrastructure are, all too often, a fact of life and barrier to economic development.<sup>174</sup> Harold Calla of the Squamish First Nation explained that:

One of the biggest reasons you do not see economic development on reserve lands is because there are no water and sewer services. You try to get water and sewer for economic development out of the Department of Indian Affairs. It is not part of their mandate.<sup>175</sup>

The Committee also heard convincing testimony from Ian Cramer of the Assembly of Manitoba Chiefs that, as a result of geographic isolation and the lack of basic infrastructure, many First Nations' communities are socially and economically segregated from mainstream society and their economies dependent on federal transfers.<sup>176</sup>

Many Aboriginal leaders, most notably C.T. (Manny) Jules, told the Committee that it is time that the Government of Canada recognize that an infrastructure deficit exists in their communities and commit to working with First Nations and Inuit people to remedy the situation.<sup>177</sup> Until that happens, First Nations and Inuit communities will continue to be isolated from the wider community and largely unable to attract private-sector investment and participate in the market economy.

Governments at all levels recognize that investing in infrastructure is absolutely critical to Canada's continued economic success. In recent years the Government of Canada has, in collaboration with provincial governments and municipalities, invested billions in infrastructure. The Committee is of the view that the pressing need for basic infrastructure in First Nations and Inuit communities is not getting the attention it deserves. Canada's Aboriginal population is growing rapidly and the need for new investments in infrastructure is becoming more urgent each day. It is unacceptable that there are still communities in a country as rich as Canada that do not, to this day, have access to clean water and adequate sewage systems. The Committee firmly believes that sustained investments in infrastructure, both on- and off-reserve, will accelerate economic and social renewal in Aboriginal communities. Accordingly, the Committee recommends:

**Recommended Action:**

**That the Government of Canada, in collaboration with provincial, territorial and Aboriginal organizations, launch an adequately funded First Nations and Inuit infrastructure program which will:**

- **Bridge the current infrastructure gap among First Nations and Inuit communities within ten years;**

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<sup>174</sup> *Proceedings*, 27 September 2006, Joe Guy Wood, Economic Development Coordinator, Manitoba Kewatinook Ininew Okimowin.

<sup>175</sup> *Proceedings*, 25 October 2005, Harold Calla, Senior Councillor, Squamish First Nation.

<sup>176</sup> *Proceedings*, 27 September 2006, Ian Cramer, Senior Business Advisor, Assembly of Manitoba Chiefs.

<sup>177</sup> *Proceedings*, 17 November 2004, C.T. (Manny) Jules, Spokesperson, First Nations Fiscal Institutions Initiative.

- **Include infrastructure funding for commercial and industrial development.**

### Conclusion

Infrastructure, location and size are only three of the many factors that have some bearing on a community's economic prospects and performance. A populous First Nation with adequate infrastructure situated near an urban centre will not *necessarily* be more economically successful than a small, isolated First Nation. While an Aboriginal community does not *need* to be located near a big city to succeed economically, it is the case that, in most instances, more economic opportunities exist the closer a community is to major centres and key infrastructure.

Cities are the economic engine of any modern, industrial economy.<sup>178</sup> In that context it is clear that for many small, isolated Aboriginal communities, economic development opportunities have been, and are likely to remain, limited. It is important to recognize that not all Aboriginal communities are going to thrive economically. But all of them can undoubtedly do better. Government investments in infrastructure are critical in that respect. Innovative strategies on the part of Aboriginal communities to work together, to pursue economic opportunities closer to urban centres, and to reach out to commercial partners, are also promising and should be encouraged.

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<sup>178</sup> On this point see Conference Board of Canada, *Canada's Hub Cities: A Driving Force of the National Economy*, July 2006. This report can be consulted on line at: <http://www.conferenceboard.ca/documents.asp?rnext=1730>





## **PART VIII: PARTNERSHIPS WITH INDUSTRY**

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*It is time to focus on what works. The economy and private sector in Canada are working.*

Jason Goodstriker, Regional Chief of Alberta

A prevailing perception among Canadians is that Aboriginal communities and individuals are generally reluctant to engage in, or are opposed to, development. The Committee, however, was impressed by the extent to which Aboriginal people view participation in the broader Canadian economy - often in collaboration with non-Aboriginal industry partners - as vital to their social and economic well-being. Aboriginal people, we were told, see that “Canada’s economy is working” and they want to be a part of it.<sup>179</sup>

For its part, industry is signalling that it needs the Aboriginal labour force and will often seek Aboriginal participation in development projects, particularly in the natural resource sectors, to ensure community support and avoid project delays. EnCana’s Andy Popko told the Committee that partnering with Aboriginal communities is in corporate Canada’s best interest:

Many of the communities closest to our operation are First Nations and Métis. It is a matter of being a good corporate citizen and working with the community closest to the area of operation, engaging the people, and asking them how they want to get involved in our activity, whether owning rigs, camp catering or road building. It is amazing to hear the people talk about what they want to do and how they want to participate. We will be their neighbour for quite some time.<sup>180</sup>

Aboriginal people and their leaders are demanding greater participation in Canada’s economic wealth and prosperity, as well as in the decisions that affect their lives. Matthew Coon-Come, former Grand Chief of the Assembly of First Nations, expressed this sentiment to the Committee, stating, rather candidly, that:

I do not think any First Nation community is anti-development, whether we are talking about hydro-electric development, forestry, mining, the tar sands or the pipe lines. The Aboriginal people are talking about having a share in the wealth of this country. I am talking about revenue sharing and having a say in the way that development takes place.<sup>181</sup>

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<sup>179</sup> *Proceedings*, 31 May 2006, Judy Whiteduck, Director, Economic Development, Assembly of First Nations.

<sup>180</sup> *Proceedings*, 6 December 2006, Andy Popko, Vice President, Aboriginal Relations, EnCana Corporation.

<sup>181</sup> *Proceedings*, 28 November 2006, Matthew Coon-Come, Member of the Board, Grand Council of the Crees.

As we have seen in preceding sections of this report, Aboriginal communities often face multiple barriers to economic development, including lack of capital, inadequate infrastructure and capacity. As a result, many Aboriginal communities that, today, are experiencing economic growth, recognize the importance of working with industry in a collaborative manner to achieve mutually beneficial outcomes.<sup>182</sup>

Joint ventures between Aboriginal development corporations and leading private-sector companies are becoming a particularly popular model of partnership. Aboriginal ventures touch on virtually every facet of the Canadian economy, including software design, manufacturing, tourism, the arts, engineering and management consulting. Innovative partnerships in the natural resource sectors have also been highly successful (e.g., diamond mining, hydro projects, wind generation, pipelines).

The Committee notes that Aboriginal communities which are outward-looking and willing to form partnerships with the private sector in the pursuit of economic opportunities seem to have the most economic success. Such partnerships can be particularly valuable to smaller Aboriginal communities, who otherwise face a very narrow set of opportunities.

#### ***Building Capacity Through Partnerships: Some Helpful Hints***

As for advice or recommendations we would give to this committee or to other Aboriginal nations, based on our experiences we would say look towards industries that will build capacity within in your nation. Pursue opportunities that will allow your businesses to expand. Know the industry well that you wish to participate in, so as not to meet barriers such as existing arrangements in the region that may put you at a competitive disadvantage. While you may meet challenges along the way, success comes with the ability to seek out solutions. In some cases, this will mean seeking out partners who can help you build the capacity you need. Aboriginal partners who have achieved successes in the areas in which you are looking to build capacity can offer much in terms of understanding the challenges and opportunities you face.

Jack Blacksmith, Cree Regional Economic Enterprises Co.

There is a growing recognition among Aboriginal leaders that success will come through linkages and partnerships. Roy Fox, President of the Indian Resource Council told the Committee that:

First Nations must look outside of their communities to create jobs, increase incomes, generate wealth, etc. They must work and partner with mainstream players to participate in the Canadian economy.<sup>183</sup>

While there is undoubtedly a need for governments to do their part to assist Aboriginal

<sup>182</sup> *Proceedings*, 27 October 2005, Roy Vermillion, CEO, Athabasca Tribal Council.

<sup>183</sup> *Proceedings*, 27 October 2005, Roy Fox, President, Indian Resource Council.

Canadians become meaningful participants in this country's economy - for example, by facilitating access to resources and by helping to develop the appropriate institutions and capacity - the Committee agrees with the observation by Terry Waboose, Deputy Grand Chief of the Nishnawbe Aski Nation, that the private sector is the engine of the Canadian economy:

It is unlikely that the government programs will meet our needs for a better quality life and development of a real economy. Governments may provide the seed monies needed, but the true engine of development will be driven by partnership created for and by our First Nations and their people with the private sector.<sup>184</sup>

Deputy Grand Chief Terry Waboose went on to say that:

I feel partnerships, whether it is hydro, mining, forestry or tourism, are very vital in terms of the future success of the economic prosperity of our people...As a matter of fact, one of our communities, Attawapiskat First Nation on the James Bay coast is involved with the De Beers' Victor Project. They are in the construction phase of the mine and it will be open very soon...There are still large tracts of forest that have not been allocated to any major forestry company; so there is that potential for greater First Nations' involvement in the forestry industry sector as well.<sup>185</sup>

Partnerships with industry, based on recognition of Aboriginal rights and a respect for Aboriginal institutions and customs, can play an important role in helping Aboriginal communities overcome barriers to economic participation and develop capacity in new areas. Impact and benefit agreements, often associated with natural resource projects, likewise, have provided affected Aboriginal communities with employment and business opportunities that otherwise might not have existed.<sup>186</sup>

It is, however, important to recognize that partnerships, whether in the form of joint ventures or some other arrangement, are not a panacea for helping Aboriginal Canadians develop capacity and reach their economic goals, nor are they always necessarily desirable or even feasible. For example, the Committee heard evidence that prejudice continues to be an obstacle to Aboriginal participation in economic activity.<sup>187</sup> Barry Seymour of the First Nations Land Advisory Board told the Committee that First Nations who want to participate in business ventures are not always welcomed by industry.<sup>188</sup> He added that First Nations have a poor reputation in some circles, and it continues to be the case that some companies try to avoid doing business with First Nations or Aboriginal-owned companies.

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<sup>184</sup> *Proceedings*, 28 September 2006, Terry Waboose, Deputy Grand Chief, Nishnawbe Aski Nation.

<sup>185</sup> *Ibid.*

<sup>186</sup> *Proceedings*, 14 June 2005, Leslie Whitby, Acting Director General, Natural Resources and Environment Branch, Northern Affairs Program, Department of Indian and Northern Affairs Canada.

<sup>187</sup> *Proceedings*, 24 October 2005, John D. Ward, Spokesperson, Taku River Tlingit First Nation.

<sup>188</sup> *Proceedings*, 8 June 2005, Barry Seymour, Former Chief of Lheidli T'enneh First Nation, First Nations Lands Advisory Board.

### ***Impact and Benefit Agreements (IBAs)***

IBAs provide a basis for mutually beneficial, long-term relationships between Aboriginal people and industry.

#### **What is an IBA:**

- A tool for managing the economic, environmental and social impacts of mineral development
- A bilateral agreement / private contract
- A key element underpinning good relations between the developer and local population

#### **Why IBAs are negotiated:**

- Aboriginal ownership of land and resources
- Statutory requirements (e.g., land claim agreements) and formal government policy
- Project specific factors independent of any legal or policy requirement
- Good practices by the mining industry on a voluntary basis

#### **Diavik Diamond Mines Inc. (Northwest Territories)**

- \$839 M in goods/services purchased from Aboriginal companies (since 2003)
- 40% Aboriginal workforce
- \$500,000 in scholarships (since 2001)
  - \$7.5 M in community contributions (e.g. community investment, direct payments, charitable gifts)

#### **Ekati Diamond Mine, BHP Billiton Diamond Inc. (Northwest Territories)**

- \$123.6 M goods/services
- 38% Aboriginal employment (target 31%)
  - Post-secondary scholarships; summer student placements; apprenticeship programs

The Committee also recognizes that there are instances when companies will partner with Aboriginal people purely in order to receive certain contracts, such as set-aside government contracts, or to ensure that their projects are well regarded by the community and are not unduly delayed at the review stage. Richard Kappo, Grand Chief of the Western Cree Tribal Council told the Committee that:

We are known as ‘Brown Gold.’ That is common in the oil patch...Certain companies need us for First Nations content in their contracts.<sup>189</sup>

This Committee finds it difficult to fathom how such arrangements contribute to furthering, in a sustainable way, the economic development aspirations of Aboriginal people. Similarly, Aboriginal communities and/or businesses that enter into joint ventures with corporate partners may derive few lasting benefits from such partnerships unless

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<sup>189</sup> *Proceedings*, 27 October 2005, Richard Kappo, Grand Chief, Western Cree Tribal Council.

they are able to negotiate agreements on an equal footing with their partners to ensure that operational control and benefits are allocated fairly.<sup>190</sup>

Partnerships are valuable when they result in the meaningful transfer of skills and knowledge, whether through training or mentoring, as well as when the interests of both parties are addressed. This was precisely the case for Wasaya Airlines. The original partnership was structured to allow for the gradual buyout of Kelner, the non-Aboriginal investors. Today the company is entirely First Nations' owned, but those formative years with Kelner allowed First Nations to learn the aviation business from the ground up.

Governments can play a role in facilitating beneficial and lasting partnerships between Aboriginal communities and industry. The Government of Canada could, for example, begin by setting up an office to help facilitate relations between corporate Canada and Aboriginal peoples. Actions to support the development of Aboriginal institutions, including governance institutions, will also help position Aboriginal communities so that they can derive more sustainable benefits from partnerships with industry. Finally, the federal government should challenge and also consider extending (tax) incentives to commercial interests who partner with Aboriginal communities and invest in building economic development capacity in those communities. Based on the evidence before the Committee, we recommend as follows:

**Recommended Action:**

**That the Government of Canada take a lead role in facilitating partnerships between Aboriginal people and industry, including the implementation of tax incentives to encourage such partnerships.**

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<sup>190</sup> *Proceedings*, 17 November 2004, Professor Fred Wien, Director, Atlantic Aboriginal Health Research Program, Dalhousie University. See also, Fraser, Sarah Jane, *An Exploration of Joint Ventures as a Sustainable Development Tool for First Nations*, *Journal of Aboriginal Economic Development*, Vol. 3, No. 1, 2002.



## PART IX: THE ECONOMIC VALUE OF TRADITIONAL ECONOMIES

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Large scale resource development projects have, at times, both transformed the traditional territories of Aboriginal people and restricted their customary livelihood. Deputy Grand Chief Terry Waboose, Nishnawbe Aski Nation, talked of how his people experienced the settlement and development of northern Ontario:

As great as the changes have been in the Nishnawbe Aski communities over the last 30 years, the challenges of the next three decades far exceed those of the past. Industry and resource development are quickly encroaching on our traditional lands north of the 50th parallel.<sup>191</sup>

The economic contribution of traditional harvesting activities (i.e., hunting, fishing and trapping) is often poorly captured in official statistics. The emphasis is often on the market or public sector economies with the “customary sector” - as it was referred to by Professor Jon Altman - overlooked even though it is very important to Aboriginal communities, especially those in isolated areas.<sup>192</sup> Statistics Canada, for example, estimates that roughly \$40 million dollars of country food is produced annually by Inuit.<sup>193</sup> Similarly, in testimony to the Committee, Michael Anderson of the Manitoba Keewatinook Ininew Okimowin (MKO) told us that:

[T]he in-kind replacement value of the game and fish harvested domestically, if it were to be purchased with cash at a store, is valued at between \$35 million and \$50 million per year within the MKO region. *Those are tremendous values that form, by any measurement, a foundation of the basis of the economies of our Nations, often ignored and not protected officially by policy.*<sup>194</sup> [Emphasis Added]

Witnesses told the Committee that many Aboriginal communities, most especially those in northern and rural areas, depend upon, and work with, the daily resource base surrounding them, in a variety of traditional, commercial, and in-kind harvesting activities. The importance of traditional activities to the identity and culture of Aboriginal people was also underlined by Jack Park, Chair of Economic Development, Manitoba Métis Federation:

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<sup>191</sup> *Proceedings*, 28 September 2006, Terry Waboose, Deputy Grand Chief, Nishnawbe Aski Nation.

<sup>192</sup> *Proceedings*, 8 December 2004, Professor Jon Altman, Centre for Aboriginal Economic Policy Research, Australian National University.

<sup>193</sup> Statistics Canada, *Harvesting and Community Well-Being among Inuit in the Canadian Arctic*, Catalogue no. 89-619-XIE, 2001. This report can be consulted on line at: <http://www.statcan.ca/english/freepub/89-619-XIE/89-619-XIE2006001.pdf>.

<sup>194</sup> *Proceedings*, 27 September 2006, Michael Anderson, Research Director, Manitoba Keewatinook Ininew Okimowin.

Many Metis choose to remain in their traditional communities and spend a lifetime acquiring the skills necessary for participation in a traditional economy. Such individuals are very proficient at what they do and possess a number of highly specialized skills. These community members leave a legacy of traditional knowledge and a greater understanding of Metis customs which fosters Metis identity and a closer connection to the land.<sup>195</sup>

In addition to preserving the cultural connection and spiritual ties to the land, witnesses spoke of the health benefits of country food, cautioning against conceptualizing the traditional economy in purely monetary terms:

We all know that we have enormously high rates of diabetes in the MKO region. The elders and traditional healers all say, “eat country food and stay active.” If we were to document the direct and indirect monetary value of the traditional economy, it is certainly many-fold greater than a simple measurement of the commercial returns.<sup>196</sup>

Brad Hicke, Acting Director, Economic and Business Development, Nunavut Tunngavik Inc., told the Committee that:

While it is difficult to quantify the value of the traditional economy in monetary terms, there are tangible quality of life benefits, as well as the benefits of nutritious food, cultural heritage and some economic returns.<sup>197</sup>

The Inuit Tapiriit Kanatami observes that for Inuit living in the northern territories, supporting greater access to country (traditional) foods and participation in the traditional economy takes on greater significance when one considers that by far the greatest share of personal debt is linked to the purchase of food.<sup>(198)</sup> As a result, some Inuit do not receive the basic dietary requirements of life. In such cases, it is strong ties to the land and access to country food that supply families with the essential dietary staples.

The effect of large scale development on traditional economies is also an issue of some concern to witnesses. We heard that the pursuit of traditional activities is often adversely affected by large scale economic development, such as mining and hydroelectric developments. Examples of this process include the now well-known hydro-megaprojects of the 1960s and 1970s in the James Bay region of Québec, located within Cree traditional territory. The tension between large scale developments - and the resulting

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<sup>195</sup> *Proceedings*, 27 September 2006, Jack Park, Chair, Economic Development, Manitoba Métis Federation.

<sup>196</sup> *Proceedings*, 27 September 2006, Michael Anderson, Research Director, Manitoba Keewatinook Ininew Okimowin.

<sup>197</sup> *Proceedings*, 28 November 2006, Brad Hicke, Acting Director, Economic and Business Development, Nunavut Tunngavik Inc.

<sup>(198)</sup> It is estimated that households in Nunavik dedicate 44% of their total budget towards purchasing food. See, for example, Government of Québec, *Orientations and Perspectives for Actions to Fight Poverty*, Nunavik Consultation, 17 January 2002.



employment and economic benefits they can bring - and the preservation of traditional economies can be divisive and difficult to resolve.

In 2002, the Crees of northern Québec were again faced with this dilemma with the signing of the Paix des Braves or New Relationship Agreement. The Agreement is an attempt to provide the Cree nation with tools to facilitate economic and community development and the “active and ongoing participation by the Crees in economic development activities on the James Bay Territory.” In return, the Cree of northern Québec agree to the diversion of the Rupert River, making way for hydro-electric development and the subsequent flooding of lands. Many Cree, particularly hunters and trappers, have been reluctant to accept the New Relationship Agreement and continue to actively protest hydro development. Still, others have suggested that hunting and fishing can no longer support a rapidly growing population and that development is necessary, especially for the younger generations.

Balancing these competing interests between the market and traditional economy will not be simple. While many agree – if only fatalistically – with the words of Bill Namagoose, editor of the *Eenou Eeyou Nation*, that the Cree will follow a well-worn path to exclusion from economic and social opportunity if they don’t take advantage of large scale development opportunities, there is, to be certain, a sense that something of greater value will have been lost. Compensation may be, as Michael Anderson states, inadequate “to set aside these adverse effects on the traditional and income economies.”<sup>199</sup>

The reality, however, is that most Aboriginal communities cannot rely solely on the traditional economy to sustain their populations. Yet, it is too simplistic to frame the issue simply as a choice between the modern or customary economy. Based on what we heard, the fundamental issue to Aboriginal leaders, communities and individuals, rather, is being able to have a say on how development takes place on their land, to meaningfully participate in the benefits of that development and to manage development in such a way as to mitigate the impact on traditional activities. According to Matthew Coon-Come the real challenge is to be able to work with industry to ensure that development is sustainable:

The difficulty we face occurs when there are clear-cutting operations with the trees being cut under a heavily mechanized system. Mining activities are starting to spring up and lands are being flooded. The small and big game are being driven away from the land. When you have no small and big game, you drive people off the land. The challenge is to be able to work with the industry... It is a matter of working together with the industry to be able to ensure that that way of life continues. The problem has always been enforcing those regulations to the industry. The intent was to have a relationship with industry that would ensure compatibility

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<sup>199</sup> *Proceedings*, 27 September 2006, Michael Anderson, Research Director, Manitoba Keewatinook Ininew Okimowin.

with that way of life. Our challenge now is that development is encroaching on that way of life.<sup>200</sup>

However communities choose to balance these competing interests will ultimately be up to them. Governments, nevertheless, have an important role in ensuring that Aboriginal peoples are provided the institutional mechanisms necessary to gain a measure of control over the pace and scope of development within their traditional territories.

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<sup>200</sup> *Proceedings*, 28 November 2006, Matthew Coon-Come, Member of the Board, Grand Council of the Crees.

## PART X: CLOSING THE ECONOMIC GAP

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Historically, Aboriginal people were shunted aside to pave the way for European settlement and development. Separated from mainstream economies, and unable to develop their own, the result was, and is, a significant “economic gap” between Aboriginal people and the Canadian population, generally.

Despite considerable efforts by successive governments to improve the social and economic conditions of Aboriginal people, many continue to lag behind the rest of the Canadian population when measured against nearly every social and economic indicator. Aboriginal leaders told us that high unemployment rates, lower income levels and elevated rates of dependency on federal transfers are no longer tenable conditions. Rejecting the status quo, Aboriginal people want, are demanding, and expect, change.

Past and current approaches to improving the economic and social well-being of Aboriginal people have not met with great success. The almost exclusive emphasis on social programs and spending by the federal government is, for many, misguided. Increasingly, Aboriginal people view economic development as fundamental to reshaping their social outcomes and are asking that this area be afforded much greater priority.

The Committee believes that assisting Aboriginal communities build their economies and position themselves to take advantage of economic opportunities is critical to addressing existing social problems. Equally vital, for many Aboriginal people and communities, economic development is critical to nation building, self reliance and autonomy. Piecemeal efforts by governments, and sporadic investments in economic development, however, are not enough to bring about meaningful change. This report attempts to shed some light on what new approaches are needed to effect that change. We argue that the current federal imbalance in spending, weighted heavily toward social programming, must be addressed. Meaningful, long-term, strategic investments in Aboriginal economic development – *both on and off reserve* – are fundamental if the full promise of economic renewal is to be realized.

Aboriginal communities, individuals and businesses are committed to laying the foundations for their economic self-reliance. Despite considerable obstacles, many are doing so successfully. Economic development is being framed in such a way that is respectful of community values, practices and culture. Preserving traditions and culture is being reconciled with the world of business and the modern economy. Though not always an easy truce, it is one that is showing remarkable signs of success. The T’licho told us that they will use their economic prosperity to ensure that they will always be strong as a people; taking advantage of non-Aboriginal education and economies while retaining their strength as T’licho people through their culture and values. Similarly, the Mohawks of Kahnawá:ke do not undertake any economic development initiative without the backing and support of the community.

This is economic development, “on their own terms”. And it is showing great promise. Communities such as Millbrook First Nation in Nova Scotia, or the Squamish First Nation in Vancouver, are taking advantage of their strategic location to develop a range

of commercial and real estate enterprises. Communities, such as the Whitecap Dakota First Nation in Saskatchewan, are developing key partnerships and establishing profitable business ventures, such as golf courses and resorts. Others like the T'licho in the Northwest Territories are taking advantage of large scale resource developments, such as diamond mining, and negotiating impact and benefit agreements from large developers.

Across the country, Aboriginal people, businesses and communities are taking their place in the national and global economy. Through innovation, imagination and an indefatigable entrepreneurial spirit, Aboriginal people are contributing not only to the well-being and economic futures of their communities, but to national prosperity as well.

They are ready to contribute more and do even better. So must we.

DEMOGRAPHIC AND ECONOMIC CONDITIONS  
OF ABORIGINAL PEOPLE IN CANADA

In 2001, nearly one million people identified themselves as being Aboriginal (i.e. of North American Indian, Métis or Inuit heritage), constituting just over 3% of the total Canadian population (see Table 1, below).<sup>201</sup> The overall Aboriginal identity population is comprised of 62% North American Indian, 30% Métis and 5% Inuit, with the remaining 3% being those who identify with multiple heritage groups.

**Table 1: Aboriginal Identity Population**

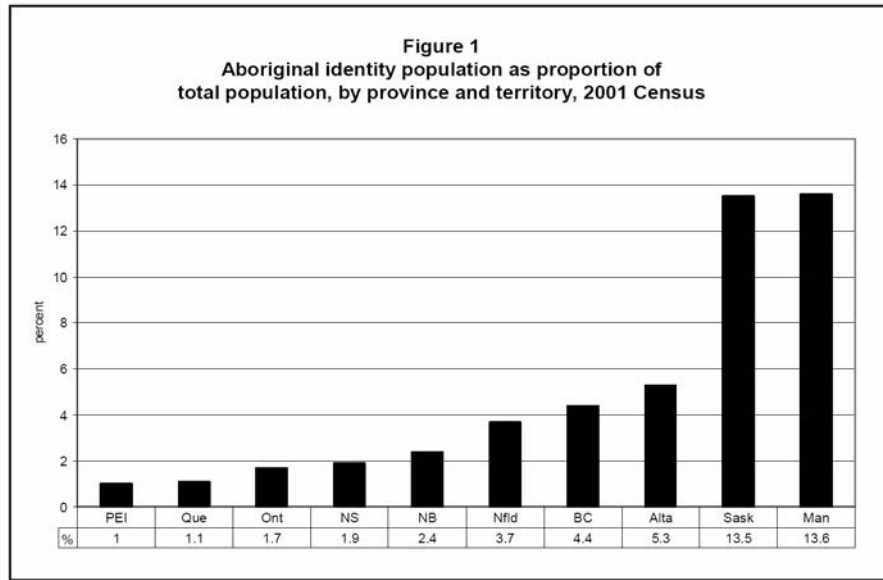
	Total population	Aboriginal population	North American Indian	Métis	Inuit	Non-Aboriginal population
<b>Canada</b>	<b>29,639,030</b>	<b>976,305</b>	<b>608,850</b>	<b>292,305</b>	<b>45,070</b>	<b>28,662,725</b>
Newfoundland and Labrador	508,080	18,775	7,040	5,480	4,560	489,300
Prince Edward Island	133,385	1,345	1,035	220	20	132,040
Nova Scotia	897,565	17,010	12,920	3,135	350	880,560
New Brunswick	719,710	16,990	11,495	4,290	155	702,725
Quebec	7,125,580	79,400	51,125	15,855	9,530	7,046,180
Ontario	11,285,545	188,315	131,560	48,340	1,375	11,097,235
Manitoba	1,103,700	150,045	90,340	56,800	340	953,655
Saskatchewan	963,155	130,185	83,745	43,695	235	832,960
Alberta	2,941,150	156,225	84,995	66,060	1,090	2,784,925
British Columbia	3,868,875	170,025	118,295	44,265	800	3,698,850
Yukon Territory	28,520	6,540	5,600	535	140	21,975
Northwest Territories	37,100	18,730	10,615	3,580	3,910	18,370
Nunavut	26,665	22,720	95	55	22,560	3,945

Source: Statistics Canada, 2001 Census.

The majority of Aboriginal people (62%) reside in the Western provinces; Ontario accounts for 19%; Quebec 8%; Atlantic Canada 6%; and the North 5%. Figure 1 shows the Aboriginal identity population as a *percentage* of the total population in each province and territory. The Aboriginal community in Manitoba and Saskatchewan, and to a lesser extent in Alberta and BC, constitute an important political presence. These provinces, in particular, cannot afford, as has been suggested by Michael Mendelson, to allow the Aboriginal community to fail economically or socially. It is “unrealistic to think” he concludes “that they can thrive – especially Manitoba and Saskatchewan – if a significant proportion of their population is undereducated and unemployed. Of course, this is doubly or triply the case for the territories.”<sup>202</sup>

<sup>201</sup> Statistics Canada, 2001 Census.

<sup>202</sup> Michael Mendelson, *Aboriginal Peoples and Postsecondary Education in Canada*, July 2006. p.2.



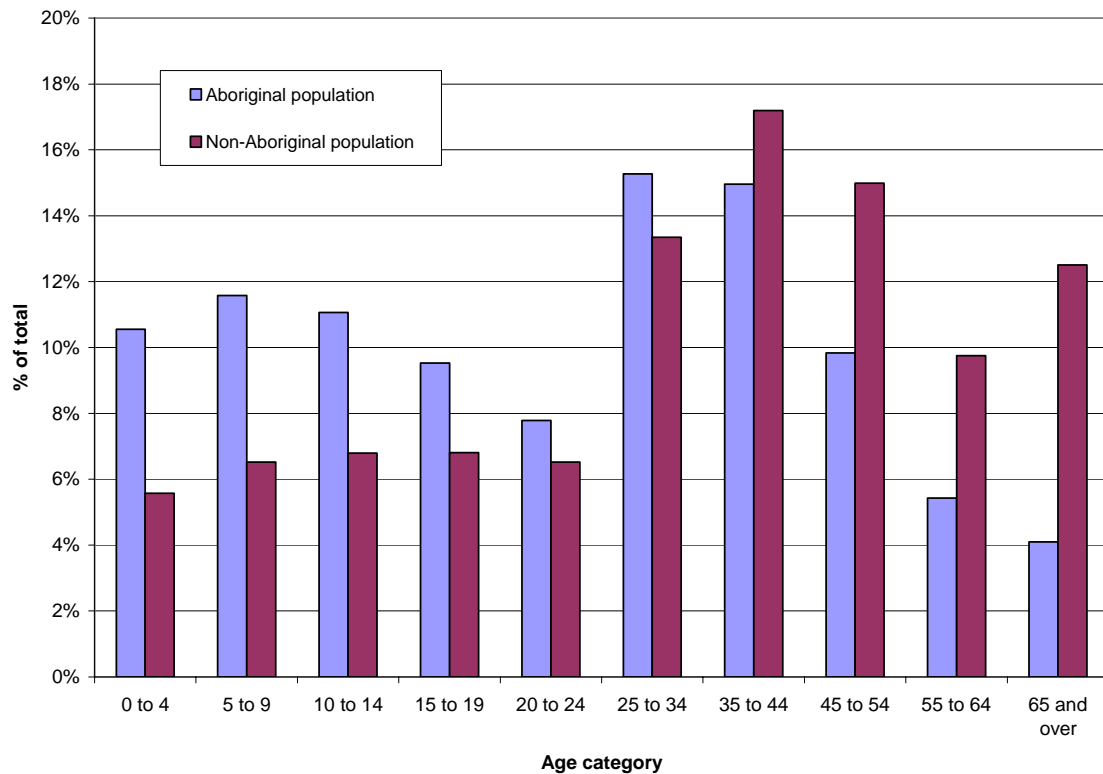
In 2001, the on reserve Registered Indian population totalled approximately 60 %. Population projections indicate that the on-reserve population could grow substantially in the coming years if the net inflow to reserves (migration estimates) proves correct. According to departmental statistics: “The proportion of Registered Indians living on reserve could increase from an estimated 60% in 2001 to 75% in 2021. Conversely, the off-reserve proportion and corresponding five-year annual growth rates could decline during the period.”<sup>203</sup>

According to Statistics Canada, almost three quarters (72%) of the total Aboriginal population (First Nations, Métis and Inuit) resides off-reserve. 51% live in urban areas and 29% in Census Metropolitan Areas (CMAs). While there has been a small shift of population out of rural areas into larger urban centres, no area of residence has seen any absolute decrease in population. 68% of the Métis population lives in Canada’s urban areas, with Winnipeg, Edmonton, Vancouver, Calgary and Saskatoon combining for 29% of the total population. Four of the five communities with the largest Inuit populations are all north of the 60th parallel and in Nunavut. The four above the 60th parallel are Iqaluit, Arviat, Rankin Inlet, and Baker Lake, while Kuujjuaq in Quebec, lies just below the 60th parallel.

Canada’s Aboriginal population is growing much more rapidly than its non-Aboriginal population. Between 1996 and 2001, the Aboriginal identity population grew by 22% – more than five times the growth of the Canadian population over the same period. As a result of this rapid population growth, the Aboriginal population is significantly younger than the non-Aboriginal population, with a median age of approximately 25 years compared to 38 for non-Aboriginal Canadians. Furthermore, one in three Aboriginal people are under 15 years of age compared to one in five for the non-Aboriginal population (see Figure 2, below).

<sup>203</sup> Department of Indian Affairs and Northern Development, *Basic Departmental Data*, 2004.

**Figure 2: Distribution of Aboriginal and Non-Aboriginal population by age category**



Source: Statistics Canada, 2001 Census.

These trends have significant economic implications. The number of working aged (15-64 years) Aboriginal people increased by 25% between 1996 and 2001, compared to only 4% for the non-Aboriginal population. As of 2001, almost two thirds of the Aboriginal population was of working age resulting in a 32% growth in the Aboriginal labour force compared to only 7% for the non-Aboriginal labour force. Statistics Canada estimates that the Aboriginal workforce will grow from 2.9% of the total Canadian workforce in 2001 to 3.6% by 2016 – a 24% increase.

Between 1996 and 2001, Aboriginal employment grew four times faster than non-Aboriginal employment, helping to reduce the Aboriginal unemployment rate to 19% from 25% in 1996. Employment increased principally among Aboriginal people living off-reserve.<sup>204</sup> Table 2, below, provides key labour statistics for Aboriginal people.

<sup>204</sup> Statistics Canada, *Perspectives*, “The Aboriginal labour force in Western Canada,” January 2007.

**Table 2: Key labour market statistics**

Province or Territory	Participation rate			Employment rate			Unemployment rate		
	Aboriginal		Non-Aboriginal	Aboriginal		Non-Aboriginal	Aboriginal		Non-Aboriginal
	Off-reserve	On-reserve		Off-reserve	On-reserve		Off-reserve	On-reserve	
	%								
<b>Canada</b>	<b>64.1</b>	<b>51.4</b>	<b>66.1</b>	<b>54.2</b>	<b>37.7</b>	<b>61.8</b>	<b>15.4</b>	<b>26.6</b>	<b>6.5</b>
Newfoundland and Labrador	58.2		56.4	40.0	44.0	45.2	31.4	42.6	19.8
Prince Edward Island	63.5		68.3	49.3	45.3	60.0	22.3		12.1
Nova Scotia	64.4	51.9	60.9	54.1	37.0	55.1	16.0	28.6	9.7
New Brunswick	64.6	53.7	62.5	50.2	33.0	55.4	22.2	38.5	11.3
Quebec	60.0	52.9	63.8	50.9	40.8	59.0	15.1	23.0	7.6
Ontario	65.4	57.3	66.9	57.6	45.2	63.3	11.9	21.1	5.4
Manitoba	64.4	46.0	68.1	55.2	32.3	65.2	14.2	29.7	4.2
Saskatchewan	59.3	42.8	68.9	48.9	29.2	66.0	17.5	31.8	4.2
Alberta	68.6	45.5	73.1	60.6	33.5	70.0	11.6	26.4	4.3
British Columbia	63.5	57.6	64.9	51.4	41.6	60.1	19.1	27.7	7.4
Yukon	71.1	68.8	81.2	54.4	48.4	75.3	23.4	29.7	7.3
Northwest Territories	69.3	62.6	87.2	59.7	50.7	84.3	13.8	19.0	3.5
Nunavut	61.1	N/A	93.2	47.6	N/A	90.6	22.1	N/A	2.8
<b>Gender</b>									
Men	70.4	55.8	72.4	58.5	38.0	67.6	16.9	31.8	6.7
Women	58.6	47.0	60.1	50.5	37.4	56.4	13.8	20.4	6.3

Source: Statistics Canada, 2001 Census.

Despite improved employment prospects for Aboriginal people, the Aboriginal unemployment rate (19%) in 2001 was almost three times greater than the non-Aboriginal rate (6.5%). Unemployment rates are highest among North American Indian and Inuit peoples (22% each) and lowest for the Métis population at 14% (still twice the rate for the non-Aboriginal population). The data show clearly that Aboriginal people living on-reserve, and men in particular, are more likely to be unemployed than those living off-reserve.

Statistics Canada has estimated that Aboriginal Canadians will need to fill 190,000 new jobs between 2001 and 2016 in order to close existing participation and unemployment rate gaps. This job creation will be contingent on economic development.

While Aboriginal people are increasingly involved in the labour market, a significant gap remains in earning levels between Aboriginal and non-Aboriginal people. Table 3, below, illustrates that employed Aboriginal people, whether they work full time or part time, earn significantly less, on average, than non-Aboriginal people.



**Table 3: Key income statistics**

	Total - Aboriginal and non- Aboriginal population	Total Aboriginal identity population	North American Indian single response	Métis single response	Inuit single response	Multiple Aboriginal responses	Aboriginal responses not included elsewhere	Total non- Aboriginal population
Total population 15 years and over by employment income and work activity	23,901,360	652,345	395,325	207,610	27,610	4,535	17,270	23,249,010
Did not work in 2000	7,459,415	239,730	162,660	59,750	8,995	1,705	6,620	7,219,680
Worked full year full time	8,855,895	167,135	90,375	64,730	6,390	1,095	4,535	8,688,765
Average employment income \$	43,298	33,416	32,176	34,778	36,152	35,750	34,016	43,486
Worked part year or part time	7,586,050	245,485	142,290	83,135	12,220	1,735	6,110	7,340,565
Average employment income \$	19,207	13,795	12,837	15,386	12,866	13,796	15,997	19,383
Total population 15 years and over by composition of total income in 2000 %	100	100	100	100	100	100	100	100
Employment income %	77.1	75.1	72	79.8	76.5	73.6	73.1	77.1
Government transfer payments %	11.6	20.8	24.3	15.7	20.3	19.9	19.4	11.5
Other %	11.3	4.1	3.6	4.6	3.2	6.5	7.5	11.4
Average income \$	29,769	19,132	17,376	22,213	19,878	19,557	20,673	30,062
Median income \$	22,120	13,525	12,263	16,342	13,699	13,573	14,535	22,431

Source: Statistics Canada, 2001 Census

Self-employed Aboriginal workers also earned less in 2001 than non-Aboriginal self-employed workers (\$20,603 vs. \$29,885). Also, given the fact that Aboriginal youth are twice as likely to start their own business compared to non-Aboriginal youth, a young and rapidly growing population with have a tremendous impact on self-employment levels and requirements for support.

The employment and income gaps that persist to this day between Aboriginal and non-Aboriginal people can in part be explained by the fact that Aboriginal educational attainment levels are on average substantially lower than those of the broader Canadian population (see Table 4, below).

**Table 4**

	Total - Aboriginal and non- Aboriginal population	Total Aboriginal identity population	North American Indian single response	Métis single response	Inuit single response	Multiple Aboriginal responses	Aboriginal responses not included elsewhere	Total non- Aboriginal population
Total population 15 years and over by highest level of schooling	23,901,360	652,350	395,325	207,615	27,610	4,535	17,265	23,249,010
Less than high school graduation certificate	31.3%	48.0%	50.6%	42.1%	57.7%	44.2%	45.2%	30.8%
High school graduation certificate only	14.1%	9.9%	9.0%	11.9%	6.2%	12.1%	11.6%	14.2%
Some postsecondary education	10.8%	12.6%	12.7%	12.4%	12.8%	10.4%	11.1%	10.8%
Trades certificate or diploma	10.9%	12.1%	11.5%	13.6%	11.1%	11.8%	11.8%	10.8%
College certificate or diploma	15.0%	11.6%	10.7%	13.4%	9.5%	15.5%	12.7%	15.1%
University certificate or diploma below bachelor's degree	2.5%	1.4%	1.4%	1.4%	0.8%	2.3%	1.5%	2.5%
University degree	15.4%	4.4%	4.1%	5.3%	1.8%	3.6%	6.1%	15.7%

Source: Statistics Canada, 2001 Census

The fact that, as of 2001, about 48% of Aboriginal Canadians had not graduated from high school is troubling and is a significant hurdle to economic development. More troublesome yet, the 2001 Census further reveals that 58% of Aboriginal Canadians aged 20 to 24 and living on reserve have not completed high school, whereas amongst the broader population aged 20 to 24, that rate stood at 16%.<sup>205</sup> Tackling the education challenge, both on- and off- reserve, is one of the most important pre-conditions for successful, long-term economic and community development.

<sup>205</sup> Michael Mendelson, *Improving Primary and Secondary Education on Reserves in Canada*, Caledon Institute of Social Policy, October 2006.

LIST OF RECOMMENDED ACTIONS BY PART

**PART II  
NEED FOR NEW APPROACHES TO ABORIGINAL ECONOMIC  
DEVELOPMENT**

**Recommended Action:**

**That the Government of Canada take immediate steps to strengthen its commitment to Aboriginal economic development as one of its key priorities and that Aboriginal economic development funding be increased to reflect a larger proportion of the federal government's budget allocation.**

**That the Government of Canada take a leadership role to establish, in partnership with provincial and territorial governments, regional Aboriginal economic development funds, and that such funds include entrepreneurial, education and training components targeting First Nations, Inuit and Métis individuals.**

**That the Government of Canada, in close collaboration with First Nations, Métis and Inuit organizations, develop a new Canadian Aboriginal Economic Development Strategy which respects regional and identity-based differences and employs an integrated, cross-sectoral, long-term approach, rather than the current short-term, project-based approach.**

**That the Government of Canada, in close collaboration with First Nations, Métis and Inuit organizations, establish a stand-alone economic development agency, separate from government departments and central agencies, to deliver Aboriginal economic development programming and implement the renewed Aboriginal Economic Development Strategy.**

**Recommended Action:**

**That, as an interim measure, the Government of Canada act immediately to rescind the previous funding cuts made to the Department of Indian Affairs and Northern Development's economic development equity programs.**

**Recommended Action:**

**That the Government of Canada reaffirm its commitment to the Procurement Strategy for Aboriginal Business (PSAB) and, in collaboration with Aboriginal organizations, take immediate steps to address the outstanding issues relating to the PSAB, including eligibility and content criteria.**

**PART III  
INDIAN ACT BARRIERS TO ECONOMIC DEVELOPMENT ON RESERVE**

**Recommended Actions:**

**That the Government of Canada, in collaboration with the Assembly of First Nations and other appropriate First Nations' organizations, immediately establish a process to review the negative impacts of the *Indian Act* on on-reserve economic development and develop, in a timely fashion, joint solutions to address *Indian Act* restrictions that limit or prevent on-reserve development;**

**That the Government of Canada, in collaboration with the First Nations Land Advisory Board, the Assembly of First Nations and other affected First Nations, take the necessary steps to extend the application of the *First Nations Land Management Act* to additional First Nations and ensure that signatory First Nations under the *Act* are adequately funded;**

**That the Government of Canada, in collaboration with the First Nations Land Advisory Board, the Assembly of First Nations and other interested First Nations' organizations, develop a national First Nations land registry system.**

**PART IV  
SECURING ACCESS TO LANDS AND RESOURCES**

**Recommended Action:**

**That the Government of Canada, in collaboration with Aboriginal organizations and communities, develop and implement a national Aboriginal Consultation and Accommodation Framework, consistent with Supreme Court of Canada rulings, and that such a Framework identify steps to ensure that resource revenue sharing arrangements be negotiated with affected Aboriginal groups in instances where federal approvals for resource development projects are triggered.**

**Recommended Action:**

**That the Government of Canada develop targeted programs to support the land and natural resource management capacity of Aboriginal communities, including the possible establishment of an Aboriginal land and resource management agency.**

**PART V  
INSTITUTIONAL DEVELOPMENT**

**Recommended Action:**

**That the Government of Canada, in collaboration with the National Aboriginal Capital Corporation Association of Canada, take immediate steps to remedy the lack of operating subsidies currently provided to Aboriginal Capital Corporations.**

**Recommended Action:**

**That the Government of Canada, in collaboration with Aboriginal organizations, establish a comprehensive Aboriginal Natural Resources Economic Development Strategy, and that the Strategy include institutional arrangements to support increased Aboriginal capacity and participation in the resource-based economy.**

**Recommended Action:**

**That the Government of Canada, in collaboration with Aboriginal organizations, take measures to develop institutional arrangements to support Aboriginal economic development, including an institution for excellence and capacity building.**

**PART VI  
TRAINING AND EDUCATION**

**Recommended Action:**

**That the Government of Canada take immediate steps to increase recruitment for, and strengthen, apprenticeship, literacy and numeracy programs targeted to Aboriginal learners, and provide fiscal incentives to companies that develop or offer Aboriginal apprenticeship programs, including workplace literacy and numeracy programs.**

**PART VII  
LOCATION, SIZE AND INFRASTRUCTURE**

**Recommended Action:**

**That the Government of Canada, in collaboration with provincial, territorial and Aboriginal organizations, launch an adequately funded First Nations and Inuit infrastructure program which will:**

- **Bridge the current infrastructure gap among First Nations and Inuit communities within ten years;**
- **Include infrastructure funding for commercial and industrial development.**

**PART VIII  
PARTNERSHIPS WITH INDUSTRY**

**Recommended Action:**

**That the Government of Canada take a lead role in facilitating partnerships between Aboriginal people and industry, including the implementation of tax incentives to encourage such partnerships.**

## WITNESSES HEARD AND BRIEFS SUBMITTED

**38<sup>th</sup> Parliament, 1<sup>st</sup> Session**  
**(October 4, 2004 – November 29, 2005)**

ORGANIZATION	NAME, TITLE	DATE OF APPEARANCE	BRIEF
Aboriginal Multi-Media Society of Alberta	Bert Crowfoot, Chief Executive Officer	28 October 2005, in Tsuu T'ina	
Aboriginal Tourism Association of British Columbia	Brenda Baptiste, Chair	25 October 2005, in Vancouver	
Aboriginal Tourism Canada	Allan Luby, Chair	22 November 2005	
	Linda Webber, Acting Executive Director		
All Nations Trust Company	Ruth Williams, CEO	26 October 2005, in Kelowna	X
Arctic Co-operatives Limited	Bill Lyall, President of the Board of Directors	23 November 2005	
As Individuals	Jon Altman, Professor, Director, Centre for Aboriginal Economic Policy Research, Australian National University	8 December 2004	
	Bob Anderson, Associate Professor, Faculty of Administration, University of Regina	7 December 2004	
	Stephen Cornell, Professor, Co-Director, Harvard Project on American Indian Economic Development	1 December 2004	
	Fred Wien, Professor Director, Atlantic Aboriginal Health Research Program, Dalhousie University	17 November 2004	

Assembly of First Nations	Chief Jason Goodstriker, Regional Chief of Alberta	15 June 2005	
	Judy Whiteduck, Director, Economic Partnership Secretariat		
	Dean Polchies, Policy Analyst, Economic Partnership Secretariat		
Assembly of Manitoba Chiefs	Grand Chief Dennis Whitebird	4 May 2005	
	Louis Harper, Special Assistant		
Athabasca Tribal Council	Roy Vermillion, CEO	27 October 2005, in Tsuu T'ina	X
Burns Lake Native Development Corporation	Emma Palmantier, Vice-Chair and Chief of Lake Babine Nation	24 October 2005, in Prince George	X
Brenco Media	Brenda Chambers, Owner	26 October 2005, in Kelowna	
Canadian Co-operative Association	Mary Nirlungayuk, Board Member	23 November 2005	
	Carol Hunter, Executive Director		
Carrier Sekani Tribal Council	Harry Pierre, Tribal Chief	24 October 2005, in Prince George	
Centre for the Study of Co-operatives, University of Saskatchewan	Lou Hammond Ketilson, Director	23 November 2005	
Cheam Indian Band	Douglas Sidney		X
Ch-ill-kway-uhk Forestry Limited Partnership	Roy Mussell, Chairman	25 October 2005, in Vancouver	
Coastal First Nations	Art Sterritt, Executive Director	25 October 2005, in Vancouver	
Coastal First Nations of the Turning Point Initiative			X
Cree Industries	John Olsen, President	25 October 2005, in Vancouver	



Dogrib Treaty 11 Council	John B. Zoe, Chief Negotiator	7 December 2004	
	Alexis Arrowmaker, Elder Advisor		
	Harry Simpson, Elder Advisor		
	Bertha Rabesca-Zoe, Legal Counsel		
	James Rabesca, Interpreter		
Douglas First Nations	Chief Darryl Peters	25 October 2005, in Vancouver	X
First Nations Fiscal Institutions Initiative	Clarence (Manny) Jules, Spokesperson	24 November 2004	
First Nations Lands Advisory Board	Robert Louie, Chairman, Chief of the Westbank First Nation	8 June 2005	
	Bill Williams, Chief of Squamish Nation		
	Barry Seymour, Former Chief of Lheidli T'enneh First Nation		
First Nations National Building Officers Association	Bud Jobin, Co-president	23 November 2005	X
	Keith Maracle, Co-president		
	John Kiedrowski, Project Manager		
First Nations Oil and Gas Pilot Project	Leonard Good Eagle, Chair	27 October 2005, in Tsuu T'ina	
	Harley Frank		
	Kirby Manyfingers		
Gitxsan Nation	Jim Angus, Hereditary Chief, Wii Aliist	24 October 2005, in Prince George	
GTM Consulting	Jane Atkinson, President	25 October 2005, in Vancouver	
	Lynne Figgess, CEO		
Henry Bird Steinhauer Development Foundation Ltd.	Melvin Steinhauer, President	28 October 2005, in Tsuu T'ina	
	Arthur New, Business Manager		
Huu-ay-aht First Nation	Chief Robert Dennis	25 October 2005, in Vancouver	

Industry Canada	Jeff Moore, Executive Director, Aboriginal Business Canada	10 May 2005	
	Gerry Huebner, Manager, Program Services, Aboriginal Business Canada		
	Kevin Freiheit, Senior Research Economist		
Indian and Northern Affairs Canada	Marc Brooks, Director General, Economic Development Branch, Socio-economic Policy and Programs Sector	14 June 2005	
	Leslie Whitby, Acting Director General, Natural Resources and Environment Branch, Northern Affairs Program		
	Keltie Voutier, Senior Policy Advisor, Northern Oil and Gas Branch, Northern Affairs Program		
Indian Resource Council	Roy Fox, President	27 October 2005, in Tsuu T'ina	
	Kirk Purdy, Executive Vice President, Overlord Financial Inc		
	Larry Kaida, Assistant to the President		
Indian Taxation Advisory Board	Clarence (Manny) Jules, Chairman	26 October 2005, in Kelowna	
Khowutzun Development Corporation	Brennan Gohn, Communications Manager	25 October 2005, in Vancouver	
Ktunaxa Nation Council	Chief Sophie Pierre, St. Mary's Indian Band	26 October 2005, in Kelowna	X
Liliget Feast House	Dolly Watts, Owner	25 October 2005, in Vancouver	
Little Red River Cree Nation	Larry Hutchinson, Senior Administrative Officer	27 October 2005, in Tsuu T'ina	X
	Patrick Cleary, Senior Research Advisor		

Métis Nation of Alberta	Karen Collins, Minister of Economic Development	27 October 2005, in Tsuu T'ina	
	John Parkins, Economic Development Sector Advisor		
Métis Nation British Columbia	Keith Henry, Executive Director	25 October 2005, in Vancouver	X
Métis National Council	Audrey Poitras, Vice-President	15 June 2005	
	Valerie Nicholls, Director of Intergovernmental Affairs		
Métis Settlements General Council	Alden Armstrong, President	27 October 2005, in Tsuu T'ina	
Nakoda-Wesley First Nation	Ron Stonier, Economic Development Officer	28 October 2005, in Tsuu T'ina	
	Trent Fox, Program Manager		
National Aboriginal Capital Corporation Association	Robert Ballantyne, Chair of the Board	22 November 2005	
	Dan Brant, CEO		
4 Nations (Gitksan House of Nii Kyap – Kwadacha First Nation – Takla First Nation – Tsay Keh Dene First Nation)			X
Natural Resources Canada	Jim Farrell, Director General, Policy Economics and Industry Branch, Canadian Forest Service	8 June 2005	
	Brian Wilson, Director, Programs Division, Science and Programs Branch		
Nisga'a Lisims Government	Nelson Leeson, President	25 October 2005, in Vancouver	
	Arthur Mercer, Economic Development Coordinator		
Nisga'a Nation			X

Northern Native Fishing Corporation	Harry Nyce, Chairman	24 October 2005, in Prince George	X
	William Moore		
	William G. Starr, Chief of Kispiox Band Council		
Northwest Tribal Treaty Nations	Justa Monk, Executive Chairman	24 October 2005, in Prince George	X
Office of the Auditor General of Canada	Sheila Fraser, Auditor General	4 May 2005	
	Jerome Berthelette, Principal		
	Jeff Greenberg, Principal		
Okanagan Indian Band	Tim Isaac, Councillor	26 October 2005, in Kelowna	X
Okanagan Nation Alliance	Christina Rowland, Economic Development Officer	26 October 2005, in Kelowna	
Osoyoos Indian Band	Chief Clarence Louie	26 October 2005, in Kelowna	X
Piikuni Utilities Corporation	William Big Bull, Energy Manager	28 October 2005, in Tsuu T'ina	
Siksika First Nation			X
Siksika Resource Developments Ltd.	Clement Doore, Chief Executive Officer	28 October 2005, in Tsuu T'ina	
	Trent Blind, Chief Financial Officer		
Squamish First Nation	Harold G. Calla, Senior Councillor	25 October 2005, in Vancouver	X
	Jason Calla, Economist		
Sunchild E-Learning Community	Harry Goodrunning, Education Portfolio Holder, Sunchild First Nation	27 October 2005, in Tsuu T'ina	
	Nelson Daychief, Chairman of the Board and Education Director		
	Martin Sacher, CEO and Program Administrator		
Taku River Tlingit First Nation	John D. Ward	24 October 2005, in Prince George	X
	Kenneth Edzerza		
Tlowitsis First Nation	Thomas Smith, Councillor, Economic Development Officer	24 October 2005, in Prince George	

Treaty 7 Management Corporation	Edwina Stump, CEO	27 October 2005, in Tsuu T'ina	
	Ryan Robb, Business Development Officer		
Tsekani First Nation	Lucy Martin, Off-Reserve Councillor	24 October 2005, in Prince George	
	Bob Inkpen, Manager of Economic Development		
Tsuu T'ina Nation	Lyle Dodginghorse, Councillor	27 October 2005, in Tsuu T'ina	X
	Peter K. Manywounds, Special Projects Consultant		
West Moberly First Nations	Chief Roland Willson	24 October 2005, in Prince George	X
Western Cree Tribal Council	Grand Chief Richard Kappo	27 October 2005, in Tsuu T'ina	
Westbank First Nation	Chief Robert Louie	26 October 2005, in Kelowna	X
	Mike De Guevara, Councillor		
4 Nations	Gordon Sebastian, Executive Director	24 October 2005, in Prince George	X



## WITNESSES HEARD AND BRIEFS SUBMITTED

**39<sup>th</sup> Parliament, 1<sup>st</sup> Session**  
**(April 3, 2006 - ...)**

Aboriginal Chamber of Commerce	Bonnie Sypulski, Board Member	27 September 2006, in Winnipeg	X
	Edward Kidd, Executive Director		
Aboriginal Council of Winnipeg	Larry Wucherer, President	27 September 2006, in Winnipeg	
Aboriginal Human Resource Development Council of Canada	Kelly Lendsay, President and CEO	26 September 2006, in Saskatoon	
As an individual	Marianne Ironquill Meadmore	26 September 2006, in Saskatoon	
Assembly of First Nations	Chief Jason Goodstriker, Regional Chief of Alberta	31 May 2006	
	Judy Whiteduck, Director, Economic Development		
	Dean Polchies, Research and Policy Analyst		
Assembly of Manitoba Chiefs	Ian Cramer, Senior Business Advisor	27 September 2006, in Winnipeg	X
Donna Cona Inc.	John Bernard, President and CEO	7 June 2006	
EnCana Corporation	Andrew Popko, Vice-President, Aboriginal Relations	6 December 2006	
Federation of Saskatchewan Indian	Guy Lonechild, Interim Chief	26 September 2006, in Saskatoon	X

Nations	Bob Kayseas, Advisor		
FedNor	Mary Ellen Ripley, Acting Manager, Northwestern Ontario	28 September 2006, in Thunder Bay	
	Lesley Stefureak, Policy Advisor on Aboriginal Issues		
Forest Products Association of Canada	Avrim Lazar, President and CEO	6 December 2006	
	Andrew de Vries, Director, Conservation Biology		
Grand Council of the Crees	Jack Blacksmith, President, Cree Regional Economic Enterprises Co. (CREECO) and Chairman of the Board of Compensation	28 November 2006	
	Matthew Coon-Come, member of the Board		
Inuit Tapiriit Kanatami	Mary Simon		X
Kitsaki Management Limited Partnership	Chief Tammy Cook- Searson, Lac La Ronge Indian Band		X
Lafond Insurance and Financial Services Ltd.	Lester D. Lafond, President	26 September 2006, in Saskatoon	
Manitoba Aboriginal and Northern Affairs	Joe Morrisseau, Executive Director	27 September 2006, in Winnipeg	X
Manitoba Hydro	Bob Monkman, Manager of Community Relations	27 September 2006, in Winnipeg	X
Manitoba Keewatinook Ininew Okimowin	Grand Chief Sydney Garrioch	27 September 2006, in Winnipeg	X
			X

Joe Guy Wood,



	Economic Development Coordinator		
	Michael Anderson, Research Director		X
	Richard Hart, Executive Director		
	Ashmede Asgarali, Director of Information Technology		
Manitoba Metis Federation	Jack Park, Chair of the Economic Development	27 September 2006, in Winnipeg	X
	Oliver Boulette, Executive Director		
	Donald Roulette, Executive Advisor on Strategic Development		
Meadow Lake Tribal Council	Chief Helen Ben	26 September 2006, in Saskatoon	X
National Aboriginal Forestry Association	Lorraine A. Rekmans, Executive Director	31 May 2006	X
	Harry Bombay, Director Strategic Initiatives		
Nishnawbe Aski Nation	Deputy Grand Chief Terry Waboose	28 September 2006, in Thunder Bay	X
Northlands College	Bill McLaughlin, Chief Executive Officer		X
Nunavut Tunngavik Inc.	Alastair Campbell, Senior Policy Advisor	28 November 2006	X
	Brad Hicke, Acting Director, Economic and Business Development		
	Glenn Cousins, Executive Director, Nunavut Economic Forum		

	Okalik Egeesiak, Director, Social and Economic Development, Inuit Tapiriit Kanatami		X
Ontario Ministry of Natural Resources	Charlie Lauer, Assistant Deputy Minister	28 September 2006, in Thunder Bay	X
Ontario Ministry of Northern Development and Mines	Dave Laderoute, Manager, Thunder Bay area team	28 September 2006, in Thunder Bay	X
Pic River First Nation	Byron LeClair, Economic Development Officer	28 September 2006, in Thunder Bay	
Saskatchewan First Nations and Métis Relations	Richard Gladue, Assistant Deputy Minister	26 September 2006, in Saskatoon	
Saskatchewan Indian Equity Foundation Board	Lucy Pelletier, Chairperson	26 September 2006, in Saskatoon	X
Saskatoon Tribal Council	Matthew Sherry, Economic Development Advisor	26 September 2006, in Saskatoon	X
	Wilma Isbister, General Manager		
Sasknative Economic Development Corporation	Gregg Fofonoff, CEO	26 September 2006, in Saskatoon	X
SIEF Investments Inc.	Crystal McLeod, Chair of the Board	26 September 2006, in Saskatoon	X
Southeast Community Futures Development Corporation	Carol Johnston, Director	27 September 2006, in Winnipeg	
Tribal Councils Investment Group of Manitoba Ltd.	Robert Campbell, Director of Business Development and Public Relations	27 September 2006, in Winnipeg	X
Tribal Wi Chi Way Win Capital	Crystal Laborero, Project Manager	27 September 2006, in Winnipeg	

Corporation			
Wasaya Airways LP	Tom Morris, President and CEO	28 September 2006, in Thunder Bay	X
Whitecap Dakota First Nation	Chief Darcy Bear	26 September 2006, in Saskatoon	
	Darrell Balkwill, Director of Economic Development		