



August 15, 2017

**National Aboriginal
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Minister of Finance
The Honourable William Francis Morneau
Department of Finance Canada
90 Elgin Street
Ottawa, Ontario K1A 0G5

Dear Minister Morneau:

I am writing to you on behalf of the National Aboriginal Economic Development Board. Established in 1990, our Board, comprised of First Nation, Inuit and Métis members, is a national, non-partisan body with a mandate to advise the Government of Canada on Indigenous economic development issues.

Your government's commitment to renew the relationship between Canada and Indigenous Peoples gives us hope that together we can overcome the many challenges facing Indigenous Peoples and build upon opportunities that will help lead to better socio-economic outcomes. By adopting the *United Nations Declaration on the Rights of Indigenous Peoples*, and by implementing the *Truth and Reconciliation Commission Calls to Action*, your government has made its relationship with Indigenous Peoples a priority and has taken steps toward closing the economic gap between Indigenous and non-Indigenous peoples:

- Budget 2016 provided \$8.4 billion over five years to improve the socio-economic conditions of Indigenous peoples and communities, with much needed investments in areas such as water, education, and infrastructure as well as Métis economic development.
- Budget 2017 committed \$3.4 billion over five years to advance reconciliation; to improve quality of life; and to promote education, training and employment for the empowerment of Indigenous peoples.

Building on these commitments, it is the view of this Board that Budget 2018 presents an opportunity for the Government of Canada to now focus investment in economic reconciliation as a foundation for rebuilding Indigenous communities and business. Article 4 of *United Nations Declaration on the Rights of Indigenous Peoples* states that Indigenous peoples should be able to exercise their right to self-determination by having the ways and means to finance their autonomous functions -- we believe that this can be accomplished through support to Indigenous economic development.

With this in mind, we would like to respond to your call for pre-budget submissions with the following comments and recommendations:

First and foremost, this Board wishes to re-iterate, as it has in its 2016 and 2017 pre-Budget submission letters, that the Government of Canada must address the systemic under-investment in Indigenous economic development programming. The economic development programming of the Department of Indigenous and Northern Affairs Canada (INAC) was never designed to consider Indigenous communities as legitimate partners in business. Our Board has long advocated that funding for economic development should comprise not less than 10% of total spending on Indigenous Peoples, it is currently approximately 1%. It is a goal of this Board to see that INAC's economic development programming be modernized to address existing gaps such as: deficits in capacity and infrastructure, financing for business and communities, and importantly, supporting the transition of the delivery of programs and services to Indigenous-led institutions and governments.

There are a number of INAC initiatives that are facilitating opportunity and should serve as an indicator for increased funding support to an Indigenous economic development program suite, including:

- The Community Opportunity Readiness Program, which has funded 35 commercial infrastructure projects at a cost of \$61M with an economic impact over \$1.5 billion;
- Aboriginal Financial Institutions, which have provided over 42,000 loans to Indigenous business owners with a total loan value of \$2.3 billion and;
- The Strategic Partnerships Initiative, which has supported over 400 Indigenous communities and organizations in pursuing economic development opportunities, leveraging up to \$140 million in additional funding from other sources.

Our Board has repeatedly heard from Indigenous communities who are dissatisfied with levels of spending and the economic development supports provided by the federal government. The demand for support from communities across the country outstrips available funds currently available. **As such, we are advocating for immediate investments in federal spending to support a comprehensive suite of Indigenous economic development programming, so that Indigenous communities and businesses can function at a level equal with the rest of Canada.**

Second, the *Indian Act* continues to impede First Nations economic progress with systematic and administrative barriers that reflect our colonial past and are not compatible with our path to self-determination. The *First Nations Fiscal Management Act* (FNFMA) and the *First Nations Land Management Act* (FNLMA) are examples of options to rebuild Nations - whereby First Nations move away from being controlled by Canada to exercising our own jurisdiction. It is imperative that these successful, existing institutions be fully supported.

Since 2006, 215 First Nations have been scheduled to the FNFMA, and 109 of them collect tax under the *Act*. The FNFMA provides First Nations with a legislative and institutional framework to assert their jurisdiction in the areas of taxation, fiscal management and public finance. The FNFMA provides a regime where Indigenous governments and institutions can actively participate in the economic development of their communities. Considering that the ultimate goal is for economic development programming to be transferred out of INAC into the hands of Indigenous Institutions, Indigenous governments require the ability to raise revenues for their communities.

Under the FNLMA, First Nations directly manage and control their land, environment and resources through improved law making authority and modern community planning tools. Independent studies and program reviews have demonstrated that First Nations operating under the FNLMA regime manage their lands more competitively and transparently, allowing complex commercial transactions to move at the speed of business. Supporting the FNLMA by providing increased funding to this regime increases the capacity of communities to engage with the private sector and in consultations for development projects on their lands. Both the FNFMA and the FNLMA are examples of options to rebuild Nations where Indigenous rights are recognized and Indigenous governments can exercise their jurisdictions. **As such, we recommend additional funding to support the institutions responsible for administering these Acts as well as funding allocated to support Indigenous-led Institutions.**

The Board commends the Government for its ongoing commitment to reconciliation and to improving the lives of Canada's Indigenous peoples. However, there remain significant economic gaps between Indigenous and non-Indigenous peoples. In fact, our 2017 study, *Reconciliation: Growing Canada's Economy by \$27.7 Billion*, points to the economic challenges of a society that has not reaped the full benefits of an empowered Indigenous population. The study shows that closing the many education, training and employment gaps will boost the Canadian economy by \$27.7 Billion annually. In turn, Canadian governments will receive an \$8.4 Billion "opportunity dividend" each year brought by the resulting reduction in poverty and related social, health and other associated costs.

The economic development goals of increased productivity and competitiveness can only be realized by ensuring that both Indigenous and non-Indigenous peoples alike have access to the tools required to build sustainable growth and prosperity for the benefit of Canada as a whole. Therefore, each dollar of spending on economic development has the potential to leverage many more benefits in community and social outcomes, thus achieving the goals of economic reconciliation.

Lastly, Indigenous women have a vital role to play in economic development in their communities and in the country as a whole. 2009 Industry Canada statistics show that 51% of Indigenous-owned small and medium-sized enterprises belong to women, either entirely or in part however, studies have shown that a majority of Indigenous women's businesses are small, have few employees and are typically only part of the earned income of the business owner. Increasing access to a comprehensive suite of business development programs and tools that will provide support to Indigenous women entrepreneurs will be necessary to support this growing sector.

The Board thanks you for the opportunity to provide input to the Budget 2018 process and would welcome the opportunity to appear before the Standing Committee on Finance to provide further information or clarification.

Sincerely,

A handwritten signature in blue ink that reads "Dawn Madahbee Leech". The signature is written in a cursive, flowing style.

Dawn Madahbee Leech
Interim Chairperson
National Aboriginal Economic Development Board