

2014-2015 Annual Report



The National Aboriginal Economic Development Board

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MESSAGE FROM THE CHAIR

On behalf of the National Aboriginal Economic Development Board, I am proud to present the *Annual Report* for 2014-2015. As Aboriginal business and community leaders, we view economic development as a necessary pre-requisite for the well-being of both Aboriginal and non-Aboriginal communities alike. The Board achieved a number of important milestones this year which have contributed to ensuring that federal policies and programs are well aligned with the goals of fostering the economic growth of First Nations, Inuit, and Métis people.



Key highlights from the Board's work in 2014-2015 include:

- The completion of our three year Strategic Plan which focused on Addressing Barriers to Aboriginal Economic Development, Increasing Aboriginal Participation in Major Projects, and Providing Relevant and Timely Advice to the Federal Government;
- The release of our study and recommendations on: ***Improving the Economic Success of Urban Additions to Reserves – Achieving Benefits for First Nations and Local Governments***;
- The release of our report ***Enhancing Aboriginal Financial Readiness for Major Resource Development Opportunities*** and presentation of the recommendations to the Minister of Aboriginal Affairs and Northern Development;
- Board members appeared in front of the Senate Standing Committee for Aboriginal Peoples twice in 2014 to discuss challenges experienced by Aboriginal communities in accessing capital, and to discuss innovative financing options;
- The Board provided input to the development and renewal of Employment and Social Development Canada's Aboriginal Skills and Employment Training Strategy (ASETS).

The NAEDB strongly believes that Aboriginal people are making economic and social progress and making important contributions to the Canadian economy. It is essential to maintain this momentum by developing policies and programs that will drive economic development and contribute to closing the gap in economic outcomes between Aboriginal and non-Aboriginal people in Canada. The Board's long-term goal is to ensure that Aboriginal people are healthy, well-educated, economically self-sufficient and full participants in the Canadian economy. As we get ready to embark on our next Strategic Plan 2015-2018, the priorities of the Board continue to be guided by this overarching goal.

I would like to extend a sincere thank you on behalf of the Board to the organizations and individuals who contributed to our work in 2014-2015. Collectively, we can make a meaningful difference in strengthening Aboriginal economic development.

Sincerely,

A handwritten signature in black ink, appearing to read 'Clarence Louie'. The signature is fluid and cursive, written over a white background.

Chief Clarence Louie
Chairperson
National Aboriginal Economic Development Board

ABOUT THE BOARD

Established in 1990, the National Aboriginal Economic Development Board is a Governor-in-Council appointed board mandated to provide policy and program advice to the federal government on Aboriginal economic development. Comprised of First Nations, Inuit and Métis community and business leaders from across Canada, the Board plays an important role in helping the federal government develop and implement policies and programs that respond to the unique needs and circumstances of Aboriginal Peoples. The Board also provides a vital link between policy makers, federal departments and Aboriginal and non-Aboriginal business and community leaders.

The Members

In 2014-2015, the Board had thirteen members from regions across Canada. Each member contributed valuable business, community, operational, and strategic expertise to the Board's work. In 2014-2015, the Board said farewell to long time members Pita Aatami, Richard Francis, and John Keyuk, and welcomed three new members: Hilda Broomfield Letemplier, Dr. Marie Delorme, and Ruth Williams.



Chair: Chief Clarence Louie, British Columbia
Chief, Osoyoos Indian Band

Vice-Chair: Dawn Madahbee, Ontario
General Manager, Waubetek Business
Development Corporation

Hilda Broomfield Letemplier, Labrador
President/Chief Financial Officer, Pressure
Pipe Steel Fabrication Ltd

Chief David Crate, Manitoba
Chief, Fisher River Cree Nation

Dr. Marie Delorme, Alberta
CEO of The Imagination Group of Companies

Adam Fiddler, Ontario
Former Chief, Sandy Lake First Nation

Chief Terrance Paul, Nova Scotia
Chief, Community of Membertou

James Ross, Northwest Territories
President, AuraRoss Resources Limited

Sharon Stinson Henry, Ontario
Former Chief, Chippewas of Rama First Nation

Ruth Williams, British Columbia
Vice Chairperson, First Nations Market
Housing Fund



CURRENT ENVIRONMENT AND CONTEXT

Aboriginal economic development activities in Canada continue to present exciting opportunities for First Nations, Inuit and Métis in Canada. In the past year, Aboriginal people have shared many successes but have also witnessed a widening gap in disparities in comparison to non-Aboriginal people. The Board, through continued consultation with Aboriginal people and the Department of Aboriginal Affairs and Northern Development Canada, continues to address the key priorities it sees as fundamental to improving the opportunities for success for Aboriginal people.

On June 26th, 2014 the Supreme Court of Canada rendered a historic judgment in the *Tsilhqot'in Aboriginal Title Case Decision*, declaring Aboriginal title to lands that the Tsilhqot'in claimed as part of their traditional territory. With access to traditional lands, First Nations potentially have the ability to significantly extend their economic development opportunities. As we move forward from this decision, assertions of Aboriginal rights will continue to increase. The Board looks forward to working with Aboriginal communities in understanding the role they play when advancing resource developments and other major economic projects.

In addition, the Board continues to assess the importance of Aboriginal economic development in relation to securing land base entitlement under First Nations treaty rights. In 2014, the Board released its report on *Improving the Economic Success of Urban Additions to Reserve*, identifying how the economic benefits from new parcels of lands that are being converted to reserve lands, through the Additions to Reserve process, can be maximized. The Board continues to engage and consult on issues related to land and resource development in traditional territories and considers this to be of highest priority in the years ahead.

The Board has seen financial readiness as a key factor in economic success and in 2015 published its report on *Enhancing Aboriginal Financial Readiness for Major Resource Development Opportunities*. This report contains advice and recommendations on how the financial readiness of Aboriginal communities to participate in major resource opportunities might best be achieved. The Board has taken note of the success of the financing regime enabled under the First Nations Finance Authority, which provides a secure system through which First Nations can access capital to invest in community infrastructure and economic development and looks forward to working with the First Nations Financial Management Board to strengthen their financial management performance and systems.

Later this year, the Board will publish its *Aboriginal Economic Progress Report*. Findings from this report will compare outcomes between the 2006 and 2011 census data with the goal of identifying the gaps between the non-Aboriginal population and First Nations, Inuit, and Métis. In 2012, the NAEDB set out a ten-year target for Aboriginal people to have the same economic opportunities and outcomes as other Canadians. The *Progress Report* will identify whether this target is being met.

With the recent release of Canada's Economic Action Plan 2015, the federal government has identified support in expanding the *First Nations Land Management Act* in order to unlock economic development opportunities; to continue improving the efficiency and effectiveness of project approvals through the Major Projects Management Office Initiative, and by moving forward with improvements to the *First Nations Fiscal Management Act* to further increase economic development opportunities for First Nations on reserve. As we continue to work with the Government of Canada to support economic process of Aboriginal people, the Board welcomes these intentions and believes that even more can be done to build the Aboriginal economy in the coming year.

NAEDB PRIORITIES FOR 2012-2015

In 2012, the Board released the landmark *Aboriginal Economic Benchmarking Report* to measure and track the state of the social and economic well-being of First Nations, Inuit, and Métis people, and calculate the gap in outcomes between Aboriginal and non-Aboriginal Canadians. The report showed strengths and weakness in the Aboriginal economy which shaped the Board's strategic plan for 2012-2015. The strategic plan identified broad, long-term priorities that would assist the federal government's work to address the gaps between First Nation, Inuit, and Metis and non-Aboriginal people in Canada.

For 2012-2015, the NAEDB identified the following priorities:

- 1) **Addressing Barriers to Aboriginal Economic Development**, as the Board is of the view that this will create the right conditions for economic growth;
- 2) **Increasing Aboriginal Participation in Major Projects**, as this will be an effective way to close the socio-economic gaps between Aboriginal and non-Aboriginal Canadians by participating as entrepreneurs, employers and employees; and
- 3) **Providing Relevant and Timely Advice to the Federal Government**, as this will use the Board's voice to impact change and ensure that the Board's activities and resources are aligned with its long-term priorities.

At the end of the three-year strategic plan, there have been many notable highlights that the Board has undertaken to accomplish these goals.

NAEDB PERFORMANCE HIGHLIGHTS 2012-2015

Addressing Barriers to Aboriginal Economic Development

A number of barriers impact Aboriginal economic development: the legal and regulatory environment; access to lands and resources; skilled labour; deficits in infrastructure; limited financing options; and deficits in capacity. In order to create the right conditions for Aboriginal economic development, the NAEDB published several studies and reports providing the federal government with specific recommendations and advice to address to the barriers to economic development.

One key barrier the Board focused on addressing is inadequate and insufficient infrastructure. In 2012, the NAEDB released *Recommendations on Financing First Nations Infrastructure* which, among other things, advised increased infrastructure funding and a single-window access point for infrastructure programs that facilitates linkages between First Nation communities and other partners. Since then, the government has responded. Starting in 2014-2015, the First Nation Infrastructure Fund will provide \$155 million over ten years and \$139 million over five years to fund roads and bridges, internet connectivity, solid waste management, energy systems, etc. The Strategic Partnerships Initiative, with an annual \$14.45 million budget, also enabled a trilateral cost-sharing arrangement with the Province of Ontario and with industry to support the participation of 9 First Nations in economic opportunities presented by the Ring of Fire. Activities supported included developing necessary infrastructure for future projects.

The report also recommended accelerated access to financing through the First Nations Finance Authority, a recommendation the Board followed up on in a letter to the Minister in February 2015 with specific advice on amending the *First Nations Fiscal Management Act*. In Budget 2015, the government announced amendments to the *Act* in order to increase the efficiency and effectiveness of the process, which will accelerate access to financing through the First Nations Finance Authority.

Studies:

- *Addressing the Infrastructure Needs of Northern Aboriginal Communities* (December 2014)
- *Improving the Economic Success of Urban Additions to Reserves: Achieving Benefits for First Nations and Local Governments* (Stage I: October 2014; Stage II: March 2015)

Due to the unique circumstances in Northern Aboriginal communities, the Board determined that separate recommendations outlining the specific infrastructure needs of these communities were needed. Therefore the Board began studying infrastructure barriers that currently hinder economic development in the North, in order to develop strategies and recommendations. The Board's study *Addressing the Infrastructure Needs of Northern Aboriginal Communities* was completed in 2014. The Board looks forward to continuing this work stream to develop a business case for infrastructure investment in the North

through a roundtable with key Northern knowledge holders in 2015. This will lead to specific recommendations for the Minister on financing infrastructure for economic development in the North.

Recommendation Reports and Letters:

- *Recommendations on Financing First Nations Infrastructure* (February 2012)
- *Addressing Barriers to Economic Development on Reserve* (April 2013)
- *Letter to the Minister on Indian Moneys Management* (October 2014)
- *Letter to the Minister on amending the First Nations Fiscal Management Act* (February 2015)
- *Letter to the Minister on Additions to Reserve* (April 2015)



Progress requires an environment which allows Aboriginal people to take advantage of emerging economic opportunities. The Board's 2013 report, *Addressing Barriers to Economic Development on Reserve*, examined three case studies of Osoyoos, Membertou, and Rama First Nations to explore the barriers they had faced to development. The report found that a number of sections in the *Indian Act* slow economic development on reserve, and that additional impediments come from other areas of federal jurisdiction such as environmental regulations and cumbersome administrative regulations.

Based on the Board's recommendations to amend and streamline the Additions to Reserve policy, the Minister of Aboriginal Affairs requested that the Board examine the economic impacts of Additions to Reserve and provided recommendations on ways to improve their potential benefits. The Board undertook and published a two-part study in 2014-15 on *Improving the Economic Success of Urban Additions to Reserves: Achieving Benefits for First Nations and Local Governments*, highlighting their significant benefits to First Nations as well as to local governments. The Board found that the delays associated with obtaining an Addition to Reserve have resulted in significant lost economic benefits for both First Nations and nearby municipalities. From this, the Board provided specific recommendations to the Minister on improving the process to maximize the benefit.

Increasing Aboriginal Participation in Major Projects

Over the next decade, some \$500 billion is expected to be invested in over 500 major economic projects across Canada, and many of these investments are located in or near Aboriginal communities, creating large-scale economic benefits, including offshoot business revenues and employment opportunities. The Board has worked to help ensure that communities have the knowledge and resources to proactively take advantage of, and derive benefits from, current and emerging major project development opportunities.

Recommendation Reports:

- *Increasing Aboriginal Participation in Major Resource Projects* (October 2012)
- *Enhancing Aboriginal Financial Readiness for Major Resource Development Opportunities* (January 2015)

In October 2012, the Board released its recommendation report on *Increasing Aboriginal Participation in Major Projects*. This report advises that federal government, in collaboration with other key partners including provincial and territorial governments and private industry, develop and implement a strategy to connect Aboriginal communities to industry, strengthen the framework for collaboration, develop human capital, and promote information sharing and awareness. In response to this report, in November 2013, the Minister of Aboriginal Affairs requested that the NAEDB provide recommendations on the type of institutional arrangements and capacity required to ensure that Aboriginal communities are best positioned to participate in the financial benefits of major resource opportunities.



Select Resource Opportunities Involving Aboriginal Groups – *Enhancing Aboriginal Financial Readiness*

The Board met with a range of Aboriginal and non-Aboriginal organizations from the private and public sectors to discuss challenges associated with managing revenue streams from energy and mining opportunities. From these consultations, the Board developed recommendations in two key areas: (1) Institutional arrangements supporting community financial management; and, (2) Strengthened capacity to support sound financial management. These recommendations were published in the January 2015 report: *Enhancing Aboriginal Financial Readiness for Major Resource Development Opportunities*. One way the government has responded to increase participation is Canada's Economic Action Plan 2015 proposes \$135 million over five years to improve the efficiency and effectiveness of project approvals through the Major Projects Management Office initiative. In February 2015, Vice-Chair Dawn Madahbee presented the findings and recommendations at the Aboriginal Financial Officers Association's National Conference.

The government has also responded to the Board's call to develop a consultation framework and do better training of staff. Since then, training to federal officials has undergone continuous improvements to reflect recent developments in the area of consultation and accommodation and to incorporate material on Aboriginal consultation protocols and agreements. In respect to recommendations on having training and skills development linked to job shortages, in 2014 the Board was consulted on the renewal of the Aboriginal Skills and Employment Training Strategy. In addition, Canada's Economic Action Plan 2015 proposes \$30.3 million over five years for the expansion of the First Nations Land Management Regime, in order to enable First Nation communities to enact their own land management laws, unlocking greater economic development potential.

Providing Relevant and Timely Advice to the Federal Government

The Board's mandate is to provide strategic advice to the federal government to help inform efforts to respond to the unique needs and circumstances of Aboriginal peoples in Canada. To further these goals, in 2014-2015 the Board completed two studies, published a recommendation report, and provided the Minister with specific recommendations in three letters:

- *Letter to the Minister on Indian Moneys Management* (October 2014)
- *Addressing the Infrastructure Needs of Northern Aboriginal Communities* (December 2014)
- *Improving the Economic Success of Urban Additions to Reserves: Achieving Benefits for First Nations and Local Governments* (Stage I: October 2014; Stage II: March 2015)
- *Enhancing Aboriginal Financial Readiness for Major Resource Development Opportunities* (January 2015)
- *Letter to the Minister on amending the First Nations Fiscal Management Act* (February 2015)
- *Letter to the Minister on Additions to Reserve* (April 2015)



The Board was pleased to meet with Minister Valcourt in October 2014 to present recommendations on enhancing financial readiness for major resource development, improving the ability of Aboriginal communities to control revenues, and exploring mechanisms for greater First Nation management of Indian moneys. The Board looks forward to meeting with the Minister again. The Board was also pleased to host Colleen Swords, Deputy Minister of Aboriginal Affairs, at the October 2014 Board meeting, and the Honourable David Dorward, Associate Minister of Alberta Aboriginal Relations as well as Alberta Regional Chief Cameron Alexis from the Assembly of First Nations at their January 2015 meeting.

In 2014-15, the Board had three appearances before the House of Commons Standing Committee on Aboriginal Affairs and Northern Development, submitting: *Building on Success: Strategies for Promoting Economic Development in the North*; and two appearances before the Standing Senate Committee for Aboriginal Peoples to discuss challenges experienced by Aboriginal communities in accessing capital and to discuss innovative financing to grow First Nations revenues, recommending federal loan guarantees and statutory infrastructure funding. The Board also participated in other advisory bodies to offer their expert advice on matters related to economic development, such as Aboriginal Affairs' Evaluation of

Access to Capital and Business Services Program Committee, and consulting with the Strategic Partnership Initiative program in defining the elements necessary for community economic readiness.

"Recommendations from previous National Aboriginal Economic Development Board reports have contributed directly to the Government of Canada's work on infrastructure investments on reserve, expediting additions to reserve, and supporting partnerships in resource developments."

- Minister Valcourt, Aboriginal Affairs

Throughout 2014-2015, the Board has been working on the *Aboriginal Economic Progress Report*, to be released in 2015, as a follow up to the 2012 *Aboriginal Economic Benchmarking Report*. It assesses the state and progress of the Aboriginal economy in order to help inform federal policy and program direction on Aboriginal economic development.



CONCLUSION

Looking ahead, the Board is developing the Strategic Plan 2015-2018 to guide their work by building on the priorities that were established in the 2012-2015 Strategic Plan and on the accomplishments of the Board over the past three years.

In 2015, the Board will publish the *Aboriginal Economic Progress Report (2015)*, which will be its first follow-up report to this body of work. Findings from this report track the progress of Aboriginal people in Canada against the initial benchmarks set by the Board in 2012. While much progress has been made, comparing this data has revealed that progress is still slow in terms of meeting the 2022 objectives set by the NAEDB. While gaps between the Aboriginal and the non-Aboriginal populations continue to grow wider in areas such as employment rates, economic participation and university completion, the NAEDB is focusing its strategic priorities on structures that are improving success.