

ECONOMIC ISSUES AND OPPORTUNITIES

A DISCUSSION PAPER

Commissioned by and Submitted to the

Canadian Senate Standing Committee on Aboriginal Peoples

This Report summarizes evidence provided to the Committee about specific economic activities that do or could contribute to the goals of job creation and independently generated revenues and the resulting financial self sufficiency that this economic development would afford.

It focuses on four factors that witnesses described as having a critical impact on all aspects of self governance and in particular, on Aboriginal economic development.
These factors are demographics, identity, accountability and education.

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Jennifer Dickson,

LESLIE ENTERPRISES

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ECONOMIC ISSUES AND OPPORTUNITIES

INTRODUCTION

In December of 1997 the Standing Senate Committee on Aboriginal Peoples adopted a resolution to, “*examine and report upon the recommendations of the Royal Commission Report on Aboriginal Peoples respecting Aboriginal Governance*” in the areas of structural relationships, mechanisms and models for self-government.

Many witnesses, representing widely divergent viewpoints, appeared before the Committee to contribute to the discussion. Some presenters felt that the primary responsibility of the Government of Canada is to provide more money to the difficult challenges under consideration, making strong arguments for more lucrative funding arrangements.¹ Others advocated improved accountability for current resources.² Thoughtful arguments were made linking control of land to economic development opportunity.³

Governance is always a complex issue, incorporating many interacting social and economic elements. Submissions received and presentations made to the Committee emanated from a broad spectrum of related interests – in areas as diverse as gender parity, environment, and education. Hearings included consideration of factors as disparate as membership challenges, jurisdiction options, federal program delivery, financial arrangements, taxation, treaty relationships and accountability.

SELF-GOVERNMENT AND ECONOMIC DEVELOPMENT

In October, 1998, a discussion paper⁴ was provided to a range of potential presenters in preparation for the Senate Committee hearings. That document did not specifically discuss economic independence, nor did the term ‘economic development’ appear. Nevertheless, most of the witnesses who appeared before the Committee expressed agreement with a key conclusion of the *Royal Commission on Aboriginal Peoples* - that self governance and economic self sufficiency go hand in hand and that economic development is an important element in the process of building sound governance. Not surprisingly therefore, economic perspectives, objectives and proposals were an important feature of many of the presentations and position papers.

We know that Aboriginal self government objectives are sometimes seen from simplistic opposing perspectives. At one end of the spectrum, some see Aboriginal governance as nothing more than improved arrangements for First Nation service and program delivery. At the other extreme, some tend

¹ See examples of this view in APPENDIX A, items 1 and 2.

² For one example, see APPENDIX A, item 3.

³ For one example, see APPENDIX A, item 4.

⁴ See, *An Opportunity For Dialogue between Peoples*, Ottawa, October 28, 1998.

to see Aboriginal governments as being entirely independent, or sovereign. Among the Aboriginal groups represented before the Committee for this study, the prevailing perspective expressed was the more moderate position that for these representatives, self-government as best pursued *within* the Canadian political system, developed in collaboration with government, industry and citizens.

This Report will summarize evidence provided to the Committee of specific economic activities that do or could contribute to the goals of job creation and independently generated revenues and the resulting financial self sufficiency that this economic development will provide.

First, it would be remiss not to report on four factors that witness after witness described as having a critical impact on all aspects of self governance and in particular, on Aboriginal economic development. These factors are demographics, identity, accountability and education. The first three are touched on below. Education, arguably the most important key to economic self-sufficiency, is discussed in greater detail later in the paper.

DEMOGRAPHIC CONTEXT

As we approach the dawn the twenty first century, policies and programs that promote Aboriginal economic self sufficiency are increasingly important. Part of the reason lies in sheer numbers. Although exact figures vary depending upon source, motivation and other factors, we do know that the Aboriginal population constitutes at least three per cent of the population of Canada. The number of people of Aboriginal ancestry who self-identified in the last Canadian census was just over one million.⁵

Inexact though these estimates may be, we do know that Canada's First Nation population is growing at twice the national average and will increase by twenty per cent within ten years. This population is significantly younger, on average, than the general population, with all the pressures that creates for education, housing, employment and social services.⁶ So investment now in programs and policies that promote economic self sufficiency will be an important key to future economic freedom for this growing population.

MEMBERSHIP AND IDENTITY

An early dilemma to be addressed by those deciding on the allocation of economic resources, is the difficulty of agreeing on processes for establishing membership.⁷ There are conflicting positions

⁵ "The number of people who actually have Aboriginal ancestry, in my estimation, as a result of my research, is at least 10 million, maybe even 12 million or 15 million, depending on how many French Canadians (confirm that) they have Aboriginal ancestry" Martin Dunn, Consultant, Feb. 9, 1999.

⁶ Barry Dewar, Director General, Self-Government Negotiations Branch, Indian and Northern Affairs Canada, March 2, 1999.

⁷ For example, Naomi Handel, Aboriginal Council of Winnipeg said, "(we must) get rid of government-imposed categories of Aboriginal people." April 20, 1999.

regarding identity found among complex Aboriginal communities with dramatically different agendas. Because the variety is so broad and the consequences in terms of eligibility to benefit so significant, attempts to define Aboriginal persons are complicated and exceedingly contentious, as may be seen in several examples provided to the Committee.⁸

These examples raise questions that have important implications for economic activity - for example, *“How do we get at the treaty rights and responsibilities that flow from the fact that certain people are Aboriginal? ... We also have off-reserve bands.... Do we only recognize the bands that say they legitimately speak for their people and that if off-reserve people want to be heard they must come back on to the reserve? We are hearing from a lot of off-reserve people who are saying that they were born Aboriginal and have certain rights which flow from that.”*⁹ For obvious reasons of entitlement, implementing practical, agreed-to processes for deciding identity and membership is a high economic priority.

ACTION IDEA # 1

Following is one suggestion as to how to address the dissatisfaction with current definitions of identity. Groups could establish non-partisan membership committees to determine who is a member of a given First Nation – for example, in the specific suggestion provided to the Committee, the group discussed is Métis.¹⁰ Committee members would be drawn from each of the Métis communities. The committee would determine the identification process, establish criteria for membership, implement the process and also resolve membership disputes. Using state of the art technology, all Métis members would be recorded in a registry, to assist members when they relocate.

ACCOUNTABILITY

In the context of investment and allocation of financial resources, many presentations challenged the legitimacy and financial accountability of some of the current leadership within their communities and some of their national representatives¹¹. Over and over again, presenters expressed the view that quality leadership is crucial to economic success. *“You can have all the land, power and money in the world, but if you do not have the leadership to take advantage of it, you will not succeed... character qualities that one could best summarize as decency, dignity and integrity.”*¹²

Professor McKay¹³ summed up the views of many presenters when he said, (in this instance, regarding the Métis), *“With due respect to all the organizations we have, they are incorporated either provincial or federal bodies. They do not represent the will or the franchise of the Métis people of this country. I have respect for some of the things they do perhaps, but the fact is that they are not geared to establish*

⁸ See examples of membership challenges in APPENDIX B.

⁹ Senator Raynell Andreychuk, Feb. 16, 1999.

¹⁰ Métis historian, Professor Raoul McKay, March 10, 1999.

¹¹ See examples of accountability concerns in APPENDIX C.

¹² See for example, Fred Martin, March 9, 1999.

¹³ Métis historian Professor Raoul McKay, March 10, 1999.

self-government. We have to start with the communities. We have to start with each community and then work up rather than from up down.”

ACTION IDEA # 2

In this instance, Professor McKay suggested a similar approach, “*We should establish a non-partisan Métis committee ... (to implement) a framework that would address the voting franchise, a system of democratic government...*”

RESOURCE REVENUE AND BENEFIT SHARING

In any discussion about economic self-sufficiency and independence, access to lands and an equitable share of their resources are key for indigenous peoples - for resource revenue sharing, and also resource benefit sharing in terms of access to jobs, employment opportunities, economic development opportunities and education and training opportunity.

The Committee heard from representatives of three very different models of arrangements that are working to the benefit of all partners, the first driven by the community, the second by a multi-national corporation and the third by a land settlement:

I. A Community Development-Driven Project

The Alberta Métis Settlements have worked out a dynamic, practical approach to the challenges of decision-making regarding exploration and development of oil and gas. This is their ‘General Council Policy’ process whereby the eight settlements negotiated a common approach, a set of principles to apply to economic issues.¹⁴ These policies were agreed to by the eight settlements and are binding on all the settlement councils.

As the principles were developed, Provincial government representatives were actively included throughout the process. Then came a key challenge. In order to ensure that the final product responded to both Métis Settlement objectives and those of the Province as a whole, a control mechanism was required on the Provincial side – balancing the two jurisdictional mandates. In the final negotiations, it was mutually agreed that rather than mandating the Provincial government to approve each by-law, the Provincial minister would have the power, in certain circumstance, to veto a general council policy. This meant that to make the process work, the settlement laws had to be drafted so as to be as compatible as possible with Provincial laws. The collaboration this required has had positive results. One achievement is that general council policy has never been vetoed. When a problem arose, both parties agreed to extend the veto period and then worked together to sort out the problem. Four innovative instruments in this project are:

- An independent oil and gas company, Resco, owned and operated entirely by the Métis

¹⁴ Métis expert Fred Martin, Edmonton lawyer, March 9, 1999.

Settlements.¹⁵ The reserves belong to the Crown of the Province of Alberta, but Resco has an interest in over a hundred oil and gas wells on the settlements. There is a co-management agreement on sub-surface resources, whereby Resco may participate up to twenty five per cent in any oil and gas development and charge an overriding royalty to any gas or oil company working on the settlements. Resco has found that the most successful business approach for them is to engage in strategic partnerships – small, highly specific joint ventures. Resco provides qualified people, MBAs, engineers and chartered accountants, with years of experience in the business, partners provide capital and other expertise.

- The Settlements have their own credit corporation, Settlement Investment Corporation, founded ten years ago with \$4 million from the federal government. These funds are invested to help members with small business ventures.
- Settlement Sooniyaw Corporation is the economic development arm of the settlements. It has been operating for ten years, entering into economic opportunities and providing training programs.
- An appeals tribunal, with jurisdiction over land and membership issues. Its jurisdiction can be expanded by general council policy, by provincial legislation, or by agreement of the parties. In practice that means that with respect to, for example, the timber policy of the general council or agreements with oil and gas companies, certain issues can be referred to the appeals tribunal.

This model was difficult to achieve, but the effort has afforded economic advantages of consistency – for business people in the Settlements, for the Provincial government and most importantly, for current and potential industry investors and partners in business activities. Important policies relating to oil and gas, the exploration development regime and the property tax regime have been worked out with industry and government.

One reason for the success of the arrangement is that the Settlements have consistently consulted and included all affected parties in all policy development. For example, industry and government were included when developing property tax policy, thereby ensuring ongoing support and co-operation upon implementation.

One serious challenge identified by presenters from the Métis Settlement, is the requirement for unanimous consent in general council decision making. This requirement produces impasses that can be the “*death-knell for any lawmaking body*”.¹⁶

II. A Corporation-Driven Project

Syncrude Canada Limited¹⁷ has always worked closely with Aboriginal communities and is the largest industrial employer of Aboriginal people in Canada.¹⁸ Company executives recognized very early on the legitimate Aboriginal interest in the company's activities and integrated Aboriginal objectives into

¹⁵ See also APPENDIX D.

¹⁶ Métis expert Fred Martin, Edmonton lawyer, March 9, 1999.

¹⁷ See also APPENDIX E.

¹⁸ Robert Loader, Manager, Aboriginal Affairs, Syncrude Canada, March 16, 1999.

operations as a normal way of doing business.

Contractors servicing Syncrude are approximately one-fifth Aboriginal owned and run operations. They, in turn, are encouraged to hire Aboriginal employees.

Last year Syncrude spent approximately \$54 million with Aboriginal owned and operated businesses and in all has purchased over \$350 million worth of services and goods from Aboriginal run businesses since 1984. Although Syncrude does not directly finance businesses, the company has implemented some creative short-term arrangements to help jumpstart ventures until they are running and profitable.

Currently, Syncrude is part of a group called the Athabasca Tribal Council Industry Working Group which encompasses the five First Nations. Part of the initiative of that working group is to examine creative ways of sharing the benefits through agreements other than royalties, as the Government of Alberta has been fairly clear that they do not want to discuss royalties.

The First Nations people in that region are claiming royalty or other revenue from the oil sands region. One Métis organization has an extensive lawsuit against the federal, provincial and municipal governments around compensation and failure to consult. These outstanding issues regarding sharing the revenues from the oil sands will, when decided, have interesting consequences and provide useful precedents for application elsewhere.

III. A Land Agreement-Driven Project

Economic development is a key component of both of the following agreements, reflecting a strong commitment to sustainable development and to meaningful participation in the northern and national Canadian economy:

- In 1984, The Inuvialuit Final Agreement was signed, providing approximately 2,500 beneficiaries with 91,000 square kilometers of land and \$170 million in land ownership and cash settlement. The Inuvialuit Regional Corporation¹⁹ was established to manage the affairs of the settlement and ensure the achievement of its objectives, a key one being to enable Inuvialuit to be equal and meaningful participants in the northern and national economy and society.
- In 1992, the Gwich'in Comprehensive Land Claim was signed. The agreement provided 2200 beneficiaries with 23,976,000 square kilometers of land and \$75 million in land ownership and cash settlement. The Gwich'in Tribal Council was established to manage this settlement and achieve the objectives the agreements, including ensuring that the Gwich'in participate in decision making over land, water and resources.

¹⁹ Nellie J. Cournoyea, Chair and CEO, Inuvialuit Regional Corporation, May 4, 1999.

CREATIVE ECONOMIC PROJECTS ON RESERVE LANDS

Many First Nations are committed to activities that move towards economic self-reliance. The Committee heard about several such initiatives. Following are some examples:

- Secondary Industry in Alberta. One interesting result of Syncrude Canada's environmental reclaiming program²⁰ is the Wood Bison Trail, started in 1993 as a joint effort by Syncrude and the Fort McKay First Nation, not just to bring back the land but also to bring back one of the original inhabitants of the area, the wood bison. A herd of more than 200 animals now roams on reclaimed land managed by Fort McKay and enjoyed by people from the region and across Alberta;
- An Aboriginal organization in southern Alberta called the Kainai Agricultural Society²¹ is working to encourage creative new ways to develop reserve lands;
- Economic ventures have been initiated by the Friendship Centres across the country, including some of the best Aboriginal craft shops and catering companies in Toronto. As they become established, these are moving from tax exempt status into for-profit entrepreneurial activities.
- A Manitoba Aboriginal community²² has recently begun discussions with Manitoba Hydro, the Province of Manitoba and Canada, a plan for tourism development in a large area around Port Nelson. The Kettle Dam, Long Spruce Dam and Limestone Dam, are included, as well as the town of Port Nelson. The objective is to show tourists how First Nations people, governments, and private enterprise can work together to benefit from the land.
- The territories of the Cree and the Naskapi are a vast storehouse of economic resources. When the James Bay and Northern Quebec Agreement and the Northeastern Quebec Agreement were signed, it was anticipated that these resources, while being shared with others outside the territory, would also continue to provide the economic base for the Cree and Naskapi people. The Cree and Naskapi Governments are committed to this principle, and are working toward the achievement of economic independence through partnership in the planning and managing of resource development and other economic development in the territory – to benefit directly, as well as through training and employment for individuals and through revenue-sharing.

ACTION IDEA # 3

The three examples of extensive projects and the five further examples touched on above, provide diverse economic development models – both for further analysis and also to provide a starting point to others contemplating their own development projects. Each offers challenges and opportunity to learn from and each has an overriding commitment to enhancing economic benefits accorded to First Nation citizens.

²⁰ Last year Syncrude spent \$6 million reclaiming land - March 16, 1999.

²¹ Mentioned by Senator Thelma Chalifoux, April 13, 1999.

²² Chief Lawrenchuk, Assembly of Manitoba Chiefs, April 13, 1999.

ECONOMIC ISSUES

Historically, institutional hurdles have been instrumental in preventing and/or diminishing the success of Aboriginal business activities. Because of this legacy, Aboriginal organizations and individual entrepreneurs often do not have the capacity to generate sufficient start-up funds and working capital from their own sources. Gap financing to level the playing field, creative and equitable taxing jurisdiction to raise investment revenues and adequate access to financial services for emerging business ventures were discussed in this context.

ACHIEVING A LEVEL PLAYING FIELD

In some cases, the Indian Act impedes development, in that representatives of the Aboriginal organization cannot go to the local bank to borrow money to for example, expand infrastructure. "*We have \$1 billion worth of real estate and we cannot get any capital. We cannot develop.*"²³ They are told to go to the Department of Indian Affairs, where there have been diminishing resources for the last number of years. "*Municipalities such as Portage la Prairie or Dauphin, Manitoba, have access to banking and we do not. That is what frustrates First Nations communities such as mine in terms of (developing) recreation and so forth. We cannot use our assets with the financial institutions at this point in time.*"²⁴

In Alberta the Métis Settlements are benefiting from the effects of a 'gap financing' agreement.²⁵ The Province of Alberta and the Government of Canada are providing funds for Métis Settlements in the neighbourhood of \$310 million over 17 years to 'catch up and keep up'.²⁶ The fund was structured to include an initial catch-up period of approximately seven years, followed by reduced levels of funding over the subsequent 10 year, phase out period, while own-source contributions grow. One big advantage for the both parties, along with creating a framework for better government, was the resolution of a dispute over oil and gas revenues on the settlements. These arrangements are having a positive impact on business and economic development

Many projects, however, are not nearly so sophisticated as this one. And, as stated above, few Aboriginal governments much less individual entrepreneurs have the initial capacity to generate adequate start-up funds – either from partnerships or from their own sources. Nor are they likely to have sufficient expertise to draw from in the early stages of a business venture. Adequate access to financial services was a strong theme in Committee deliberations.

²³ Harold Calla, December 2, 1998.

²⁴ Chief Harvey Nepinak, Co-Chair, Economic Development, Assembly of Manitoba Chiefs, April 13, 1999.

²⁵ See also APPENDIX D.

²⁶ Métis expert Fred Martin, Edmonton lawyer, March 9, 1999.

ACTION IDEA # 4

Across the country there are many specific economic instruments designed for the Aboriginal business community. Aboriginal Business Canada, a branch of Industry Canada, has a wealth of resources, as do several of the chartered Banks. The Bank of Montreal, for just one example, has an extensive package of financial services for Aboriginal communities. It would be useful to compile, analyze and evaluate the financial services that are available in Canada for Aboriginal business, with the view to making them more broadly known, available and understood.

2. Taxation issues were discussed in several contexts, most concerning governance issues. As taxation revenues may also contribute to investment opportunity, some of the ideas presented are touched on here:

On the Métis Settlements in Alberta, the capacity to generate revenue is not called taxing, but rather contributions policies. The revenues are not called taxes; but rather ‘user fees’. So, for example there is a property tax system that is called a business property contributions policy. Businesses are required to make contributions.²⁷ In this instance, the regime is related the provincial standard assessment regime and has industry support.

Real Estate Tax: In areas where there are underlying intractable issues as to title in an area where the land is developed (for example the entire Province of New Brunswick²⁸), a portion of the tax collected at the time of each property sale could be designated toward an Aboriginal fund. This would be a reliable, ongoing source of revenue that could be invested, used to develop economic projects, or as collateral for business ventures.

Several presenters advocated that Aboriginal governments be provided with a portion of the taxes raised locally from non Aboriginal sources – i.e. the provincial and/or federal tax base. The discussion included exploration of the challenge that arises where the Aboriginal base is growing and the non-Aboriginal base is not growing, with the subsequent shrinking tax base²⁹. While there may be goodwill in principle, there is a concern as to where the money will come from.

The Indian Taxation Advisory Board (ITAB) was established in 1988 to implement taxation jurisdictions afforded by the Indian Act to levy and collect property taxes within the reserve. 70 First Nations have obtained tax jurisdiction, generating some \$100 million for First Nations to invest since 1988. It is estimated that property tax on-reserve will exceed \$20 million in ‘98-’99.³⁰

The new First Nations Taxation Commission (FNTC) will continue this work, with expanded powers to set standards to assure taxpayers that they will be taxed fairly and will receive similar services to

²⁷ Métis expert Fred Martin, Edmonton lawyer, “*When I was given the job of writing up this tax policy, I was instructed not to use the word ‘tax’.* I went to the Oxford dictionary and looked up the word tax. It talked about required contributions, so that is what it is.”, March 9, 1999.

²⁸ Gary Gould, Secretary Treasurer, New Brunswick Aboriginal Peoples Council, Feb. 16, 1999.

²⁹ See discussion between Senator Raynell Andreychuk and Gary Gould, Feb. 16, 1999.

³⁰ Indian Taxation Advisory Board: A Statement of Goals – Submission to the Committee Feb. 9, 1999.

comparable jurisdictions. It will have Aboriginal and non-Aboriginal representation, a mandate for hearing and resolving disputes, and new mediation and appellate functions to ensure that all interests are fairly represented and that decisions taken are balanced.

ACTION IDEA # 5

The pressing challenges regarding the rights of taxpayers within First Nation tax systems also include representation, accountability, and appeal impartiality. As such the debate is testing many related governance issues as well as taxation itself. The new First Nations Taxation Commission may be well positioned to be helpful in facilitating negotiations in this area.

INTERNATIONAL ECONOMIC OPPORTUNITIES AND CONTEXT

Several perspectives were expressed as to international rights in the context of economic implications and options. One view is that while international law appreciates that entering into treaties is a recognition of the existence of an international personality,³¹ there are international laws of overriding national importance that apply to Aboriginal self-governing communities as well as to all other Canadians.

Regarding the NAFTA agreement, one Aboriginal leader is of the opinion that, "...*Canada has reserved a special clause which states that Aboriginals cannot take advantage of NAFTA, yet every element of NAFTA affects us. Canada also reserves the right to deal with Aboriginal affairs internationally on their terms and conditions. By the way, the NAFTA is not a negative for us because we want to set up our own international trade and commerce anyway.*"³²

The Akwesasne community is committed to resolving its problems of the last decade and moving on to realizing the many opportunities for international economic development cooperation in their territory. It encompasses a natural tourist region, with hundreds of undeveloped islands on one of the most beautiful parts of the St. Lawrence River. The issue of Aboriginal rights and obligations regarding border crossing and in trade is now under Supreme Court consideration. Resolution of this issue will provide for much more certainty in economic decision-making and in trade negotiations with neighbouring First Nations – for example with the Mohawk community of Kahnawake.

ACTION IDEA # 6

The timing is right for a trade policy meeting among appropriate federal, provincial, First Nations representatives. The most recent conference on this issue was in Ottawa in 1997, including the communities of Akwesasne and Kahnawake and other border nations along the Canada/U.S. border who share Jay Treaty issues and other trade issues – the Blackfoot nation in Alberta and others in British Columbia. At that meeting a collection of ideas and positions were put together, however no

³¹ From the UN Treaty Study undertaken by Mr. Martinez, a copy of which is deposited with the committee.

³² Sol Sanderson, Chair, First Nations Forum, March 9, 1999.

political negotiations have yet been initiated.

DIRECT JOBS FROM FUNDING ALLOCATIONS

Although government funding is dealt with elsewhere in the Report, it is relevant to note here some innovative ideas for economic capacity-building emanating from this resource:

- The Neeginan Project is an urban redevelopment project near the current Aboriginal centre in Winnipeg. The location was originally an Aboriginal meeting place that had become the CP railway station and has now been reverted back to the major community focus for Aboriginal people of Winnipeg. Douglas Cardinal designed the building, a round house called the Circle of Life Thunderbird House. It will be a spiritual and cultural gathering place. Future plans include an art gallery and a commercial complex, as well as a multipurpose youth centre. As with all daring cultural commitments, the project is not without its detractors, “...181 Higgins, *the Aboriginal Centre, (has) massive and very expensive facades which have drained resources that could have been better used to benefit the kids.*”³³
- The New Brunswick Aboriginal Peoples Council (NBAPC) has developed an economic development arm, the Wabanaki Development Corporation. This corporation has created numerous opportunities for training, employment and some economic development for off-reserve Aboriginal people in the province. As well, NBAPC initiated the Skigin-Elnoog Housing Corporation, a native owned and managed non-profit housing society that has built or acquired over 1,000 units of social housing for both low-income Aboriginal and non-Aboriginal families in New Brunswick.³⁴
- Friendship Centres are located in all the major urban areas and also in smaller towns and rural locations. The friendship centres have a significant impact not only in terms of community development but on the economy. The core funding provided by the federal government contributes directly to employment and also attracts additional financial resources from municipal and provincial and territorial governments.
- Government education funds are providing employment for Aboriginal people in Saskatchewan, “...Of the 18,000 employed by us directly, by band, tribal council and FSIN, 10,000 are employed in the education sector. Why? It is because we moved in 1971, 1972 and 1973 to organize First Nations control of education. We now control multi-million dollars in education funds.”³⁵
- Sol Sanderson³⁶ described a proposal for redirecting government social assistance funding towards job creation: “We want to implement a package ... dealing with the arrangements respecting social

³³ David Brant; Chief, Indian Council of First Nations of Manitoba, Feb. 16, 1999.

³⁴ Betty Anne Lavalée, President, New Brunswick Aboriginal Peoples Council, Feb. 16, 1999.

³⁵ Sol Sanderson, Chair, First Nations Forum, Feb. 9, 1999.

³⁶ Sol Sanderson, Chair, First Nations Forum, Feb. 9, 1999.

assistance. We have developed, in draft form, treaty-based income support reform. Again, 30 years ago, back home, we had two employees at the reserve level when I came to office as Chief. I took three-quarters of the SA budget and provided economic subsidy in all sectors and created 185 jobs inside a month and a half. Your people walked in and wanted to charge me because they said it was illegal, even though we were told we could provide economic subsidies for jobs. We did it 30 years ago. Now you are trying to do it today. We are the experts at it and we know how to do it. ... we can plan with individuals and families as to how they can move off social assistance, and how we can give them status in the community by giving them a paycheque rather than a SA cheque ...”

EDUCATION FOR EMPLOYMENT

More than half of the Canadian Aboriginal population is under the age of 25t.³⁷ While twelve per cent of all Canadians have post secondary education, only one per cent of Aboriginal Canadians has post-secondary education³⁸. This state of affairs is deplorable on many levels.

It would be simplistic in the extreme to characterize this unacceptable situation as primarily an employment issue. Many factors are at work – social, historic, political, and financial. While much needs to be done on all these levels, for the purposes of the economic development section of the report it is useful to note a few initiatives that were brought to the attention of the Committee. These are focussed on helping students stay in school, train for specific jobs and/or apprentice to develop employment readiness:

Innovative Initiatives in Education

- The New Brunswick Aboriginal Peoples Council (NBAPC) provides an Education Assistance Program that has enabled many low-income, Aboriginal families and their children to place greater importance on obtaining an education by rewarding those who stay in schools, by recognizing excellency and by assisting off-reserve Aboriginal students to proceed on to post-secondary institutions.
- Syncrude Canada. As a high-tech operation, the company recognizes that their employees are the biggest assets they have. The company relies on leading edge skills and abilities to operate efficiently. Since their future depends on the development of a skilled pool of well-educated employees, they offer education awards of \$2,000 each to Aboriginal persons wanting to further their education in fields relating to oil sands. Last year, they began a five-year program of financial support of \$500,000 for the native careers program at the University of Alberta. The company also supports ‘learning-to-earning’ programs, such as co-op apprenticeships, career prep programs and registered apprenticeship programs for high school students. They are involved with the schools in local communities, encouraging adults to go back to school and kids to stay in school. They

³⁷ Stacy Hill, President, Aboriginal Youth Council, National Association of Friendship Centres, March 17, 1999.

³⁸ Professor Herb Nabigon, Laurentian University, April 28, 1999.

provide information to the community on the company and its requirements and expectations and the opportunities that will become available.

- The community of Fort MacKay, where the drop-out rate was ninety per cent, is involved in three programs directly with the high schools. These are the Registered Apprenticeship Program (RAP) - a work-to-school transition program for students beginning at grade ten, a co-op program for students who complete the RAP program and a scholarship program to provide support for any graduate of the outlying communities who wishes to go to university.
- The Saskatchewan Indian Federated College is one of the best examples where the process is controlled, managed and governed by the First Nations, yet it adheres to the independence of scholarly pursuit and looks to international standards for education.

After all the discussion about economics, Professor McKay stated, *“We should set aside all these beautiful things and address the most important thing, our children... Youth in poverty have very few choices... In Manitoba, the high profile in Winnipeg right now is the Native gangs... They do not know what to do with them. They do not have the money to prosecute them. Why not build a school?”*

We have to invest in our children. What I am talking about is going to take two generations, I know that... I am a firm believer in self-initiation. So we work with communities, we work with people and thereby establish some kind of economic system that will help people in the area of social services and education, which to me are key to the whole process.”³⁹

“...as Indian indigenous peoples we say education is now our buffalo of the 1990s and the 21st century if we are to survive as Indian people. Buffalo gave us everything long ago; food, shelter, clothing - that was our survival. Our theme to our people now is if you are to survive as indigenous peoples, like the buffalo of old, get that education.”⁴⁰

ACTION IDEA # 7

The Committee endorses all government, industry and community initiatives that provide practical motivation for students to stay in school and programs that provide useful credentials and appropriate, job-specific training.

SUMMARY PRINCIPLES

Last December, two respected Squamish Nation leaders⁴¹ appeared before the Committee to discuss governance issues in the context of economic self-sufficiency. They described, during their presentation, overriding principles that they see as central to both economic self sufficiency and to self

³⁹ Métis historian Professor Raoul McKay, (paraphrase) March 10, 1999.

⁴⁰ Perry Bellegarde, Grand Chief, Federation of Saskatchewan Indian Nations, May 4, 1999.

⁴¹ Howard Calla and Jason Calla, Members, Squamish Nation, Dec. 2, 1998.

government - a guide to future relationships. As these five principles summarize succinctly the issues, challenges and opportunities described throughout this section of the Report, they are summarized here. The principles for a new relationship are:

1. the removal of economic and financing impediments to the development of own source revenue. The ability for First Nations to access capital and for investors to have secure investments on reserve would fundamentally change the existing relationship and would allow First Nations a much greater degree of participation in economic activity;
2. the development of greater efficiencies in administration of First Nations government in both its public and private functions. By simplifying the regulatory environment in which First Nations must operate, advances could be made in the scope and quality of public sector activities and in their ability to respond to private sector business opportunities;
3. the gradual elimination of federal fiduciary responsibility. While fiduciary responsibility protects First Nations' rights, it also creates a dependency, and those contradictory forces do not foster economic development;
4. the creation of legal certainty. The creation of legal certainty would give private investors more confidence about entering into arrangements and ventures with First Nations governments on First Nations land. It would also allow for a more productive relationship between First Nations governments and all other levels of government and
5. to permit the development of First Nations economic self-sufficiency and to bring an end to economic apartheid. The main goal of this relationship must be to end the dependency of First Nations on the federal government and the Indian Act and to develop a self-respect based upon our ability to provide a standard of living for our communities comparable to that which other Canadians enjoy.

ACTION IDEA # 8

These principles provide provocative ideas that deserve serious attention and advocacy. (Note - How can the Committee word this, in order to state that we don't need more study, we need action?)

CONCLUSION

As stated at the outset, there was no specific economic development component in the discussion paper and invitation that initiated this study. Nevertheless, the economic development ideas, initiatives and challenges to self sufficiency that were brought to the Committee in their deliberations to date represent passionately held views and excellent ideas. They point to the breadth and depth of possibilities and concerns that economic issues bring to self governance objectives. The Committee intends to explore the Action Ideas, initiatives and policy options outlined in this report, in order to provide practical models, the experience of others and enhanced economic tools to all of Canada's Aboriginal Peoples.

FOR FURTHER THOUGHT

Intriguing ideas on economic self sufficiency and were expressed throughout the hearings. By way of conclusion, in no particular order, here is a sampling of these:

- A key thread that carried through most of the presentations was the view that resourcing must be based on a working partnership. Funding would not simply be a grant system, but rather a case of sharing revenue on some realistic government-to-government basis. Ideally it should be tied to some interest in land where that interest is recognized. *“Then we are in an equal relationship.... The grant destroys the giver and the receiver -- it always does. Therefore, we need a working partnership”*.⁴²
- Secondary industry such as ecotourism makes sense and should be encouraged, especially in rural areas and in the north.
- Several presenters advocated a new independent authority, including international representation, to monitor/facilitate relations and negotiations between Aboriginal peoples and the federal and provincial governments. Some suggested that their organization be this voice of reason⁴³. None of the suggestions for this authority included a focus on economic self-sufficiency.
- *“...the individual taking responsibility for him or herself is a starting point for moving towards urban governance, overcoming the hurt of the past and the powerlessness of being a victim. Of fundamental importance, according to the elders, is to learn how to be responsible. Operating as a victim is not being responsible. It is easy to blame someone else, however, that does not develop a future for our children. Only by taking responsibility for themselves can spiritual warriors then take responsibility for others.”*⁴⁴
- *“A relationship that is unilaterally defined, in which all power rests with the body defining the relationship and in which that same body functions as a trustee or fiduciary for the other body produces and perpetuates a state of dependency.”*⁴⁵
- *“...Community development relies eighty five per cent on people and fifteen per cent on money. These are long processes, not without the risk of occasional failures, however, it is the people, not powers, jurisdictions or money that become the starting point.”*⁴⁶

⁴² Métis expert Fred Martin, Edmonton lawyer, March 9, 1999.

⁴³ Vera Pawis Tabobondung, President, Ontario Federation of Indian Friendship Centres, March 17, 1999.

⁴⁴ Naomi Handel, Aboriginal Council of Winnipeg, April 20, 1999.

⁴⁵ Jason Calla, Member, Squamish Nation, Dec. 2, 1998.

⁴⁶ Jennifer Dickson, as quoted by Naomi Handel, Aboriginal Council of Winnipeg, April 20, 1999.

APPENDIX A

ARGUMENTS FOR MORE LUCRATIVE FUNDING ARRANGEMENTS

1. *"I wish to address the biggest issue facing our leadership in Manitoba today, namely, funding. In the public eye, people are saying, 'You are getting enough funding.' However, if we take a look at what our First Nations receive, all the programs that we have are underfunded. The responsibility for this lies with the federal government, based on our treaties. I come from the numbered treaty territory -- that is, Treaty 1 to Treaty 10. That is where we are coming from within our territory. There is a big responsibility. We are criticized every day in our lives from other societies, based on the financial resources that we receive. However, a lot is owed to the First Nations communities from the federal Crown."*⁴⁷
2. *"...(regarding) creative ways in which we can deal with our problems. Apart from creatively spending a big pile of money, there is no other way of doing it. We need a big pile of money to redress hundred 100 years of inadequate funding."*⁴⁸

ACCOUNTABILITY FOR CURRENT RESOURCES

3. *"What we do need is financial accountability at the local level. The Royal Commission Report also asked for more money. It is not more money that we want. Let us use the money which we already have in our reservations wisely.... One of my recommendations was to give the Auditor General of Canada the same authority on the reservations as they have in every other area. Therefore, we would have true accountability and fiscal responsibility."*⁴⁹

LINK BETWEEN CONTROL OF LAND AND ECONOMIC DEVELOPMENT OPPORTUNITY

4. *"We face such frustration in seeking to develop an economic structure for a self-government base. First, we have a very limited land base. Our community is 4,600 acres. Our membership today is approximately 996, about 600 of whom are living on reserve.*

The existing land policy by the federal government or by the Manitoba government must change. Our neighbouring communities, for example, are in a township of some 36 square miles. Within that township a family could own, for example, two sections of land. They may have difficulty raising sufficient income in their areas of agriculture and ranching. By comparison, on our 4,600 acres, 50 per cent of the land is swamp and non-agricultural land. So we have 2,200 acres for the 600 members who live on the reserve in 105 houses. It is almost impossible to create an

⁴⁷ Rod Bushie, Grand Chief, Assembly of Manitoba Chiefs, April 13, 1999.

⁴⁸ Michael Lawrenchuk, Chief, Fox Lake First Nation of Northern Manitoba, April 13, 1999.

⁴⁹ Rita Galloway, President (Saskatchewan), First Nations Accountability Coalition, March 2, 1999.

economic or self-government initiative within our community. Most First Nations have that lack of land base.

The government with whom we share the land, the government of Manitoba, controls the monopoly on all agriculture, forestry and fishing land. We need to work with the government and to properly share the resources to make our communities more viable. It is difficult for those governments and their departments to see the First Nations' view on the land and its resources. Canada must make a major initiative for First Nations communities such as ours to have access to these resources and these lands which we once enjoyed. That is the most difficult situation that we face on the reserve. It is almost impossible to create a proper infrastructure plan without a land base for self-government.”⁵⁰

⁵⁰ Chief Harvey Nepinak, Co-Chair, Economic Development, Assembly of Manitoba Chiefs, April 13, 1999.

APPENDIX B

MEMBERSHIP CHALLENGES

1. *“At the First Ministers Conference, there were three (membership) elements agreed to by everyone - Aboriginal ancestry, self-declaration and community acceptance. The only time community acceptance must come into play is where some person who is exercising the first two is trying to achieve a community benefit as a result. Then the community must say, ‘Wait a minute, you are not part of our community.’*

“For example, any person of Aboriginal ancestry who declares him or herself to be a Métis person should be able to do that without any restriction or interference from anyone anywhere. However, if as a result of that identification that person then goes to Manitoba and says, ‘Hey, I want my 160 acres,’ and someone says, ‘But you come from Newfoundland.’ He says, ‘I don't care, I am Métis; I want my 160 acres.’ That does not work. What you must have is a process in which eligibility for benefit is distinct from criteria for identity.

I have a web site called, ‘The Other Métis’. A woman who was screaming mad e-mailed me. A bunch of Métis from Labrador had come out and taken all their oil jobs in Alberta and they were furious. Those jobs were intended to be for the local Alberta Métis people.”⁵¹

2. The Michel Band of Northwest Alberta consists of about seven hundred people who regained Indian status under Bill C-31. They are seeking recognition by Canada that they are a First Nation and an Indian band in order to exercise the economic rights of self-government. In particular, they are pursuing land claims they maintain they never surrendered. These lands have generated revenues they feel are rightfully theirs, from the sale of precious metals from the beds, shores, mines and minerals under a lake on the former reserve. None of these assets were disposed of in the enfranchisement in 1958.⁵²

⁵¹ Martin Dunn, Consultant, Feb. 9, 1999.

⁵² Gilbert Anderson, Chief and President of the Michel Band, Feb. 16, 1999.

APPENDIX C

ACCOUNTABILITY ISSUE

1. *“In Canada, we have people living in Third World conditions with no democracy or equality. The majority of our First Nations depend solely on federal funds allocated to them, but there is no accountability administered along with the tax dollars. The Bill C-31 people are hit hardest and are completely forgotten.”*⁵³

2. *“... if you take the funding (for governance), throw it up in the air and say that the one with the best presentation will get it, on the basis of the lawyers, the staff, the research and the abilities to do these things that lie with the First Nation communities, it will all wind up siphoned there. ... It may be better, as a consequence, to form an independent delivery mechanism. (Funds) should go to the lowest level and be allowed to come back up. If the individuals are empowered, then they can organize at the community level and they can attach themselves to organizations ...at upper tiers that represent their interests and their needs. ...one size does not fit all. It needs to be the community (that decides) development.”*⁵⁴

3. There was broad discussion about funding for special projects. Again, presenters raised the issues of fiscal control and fairly mandated decision-making. In one case, HRDC money for training was not renewed for the former successful delivery organization, but will now go to community leaders far away from those requiring services. *“... funding (from HRDC) for people like myself, as a registered Indian under Bill C-31, will(now) go to my chief and council, who will supposedly represent me... We know it will not happen. HRDC has the data and the evidence that it has not happened previously. They know it will not happen. They do not have the resources to monitor them, to make them accountable, or to enforce it.”*⁵⁵

4. The federal government mandates that all registered Indian people will be serviced by their band, but this is difficult in situations where people live thousands of miles from their band. *“We serve Inuit people in the Province of New Brunswick under our programs. We serve Coast Salish people from all across the country in our programs. We have been doing this for 25 years. As a result of the new design that is scheduled to come down on March 31, our ability to aid and assist Aboriginal peoples off reserve will be gone.”*⁵⁶

⁵³ Ms Leona Freed, President (Manitoba), First Nations Accountability Coalition, representing Manitoba, Ontario, British Columbia, New Brunswick and Alberta, Tuesday, March 2, 1999.

⁵⁴ David Brant; Chief, Indian Council of First Nations of Manitoba, Feb. 16, 1999.

⁵⁵ Betty Anne Lavalée, President, New Brunswick Aboriginal Peoples Council, representing off-reserve, status, non-status and Métis people in the Province of New Brunswick, Feb. 16, 1999.

⁵⁶ Gary Gould, New Brunswick Aboriginal Peoples Council, Feb. 16, 1999.

APPENDIX D

GAP FUNDING IN THE MÉTIS SETTLEMENTS - THREE PROGRAMS:

1. Capital Input

First, there was an initial seven-year high capital input phase to get the infrastructure up to standard. For the next five years, moving towards local self-reliance, the Settlements had a matching grants system, which provided that every dollar raised locally was matched with \$2 from the government.. For the following five years, there were to be one-for-one matching grants. Last year the Settlements negotiated a change in the complex two-for-one matching grant system, opting for a business plan approach instead.

With the business plan approach the settlements worked out a plan with the province whereby there is a financial holdback - if you meet your business plan objective, you get your money. It is similar to the process that the province uses in doing its own business plan.

2. Futures Fund

Under another part of the accord, for the first five years the province puts five million dollars a year into a fund held by the general council, and this fund can not be touched until 2007. That money has been invested in standard investment vehicles. So far it has increased to approximately \$65 million. Projections indicate that it should be around \$110 million by the time it is able to be tapped in 2007. The earnings on that fund will help fill that gap.

3. Resource Development

The third element that provides funding or resources for that gap is the Resco Oil and Gas Company, created by the settlements to take advantage of the oil and gas development opportunities on the settlements. It operates like any other oil company. It can buy land, develop land, and go into joint venture partnerships with the industry. It collects royalties and makes money on oil and gas wells. That pot of money is available through dividends or other investments to spin off money for the settlements.

As well, the Settlements are looking at:

sharing resource taxes – for example, they hope to negotiate overriding royalties on oil and gas. After the province receives their royalty, there may be another 10 per cent royalty, which can amount of millions of dollars each year, tied to an interest in the land;
negotiating a share of the carbon tax. As money goes into carbon sinks on lands, some of that revenue would be made available to the people with an interest in the land;
negotiating a share in the income tax paid by resource companies.

APPENDIX E

CONTEXT FOR SYNCRUDE CANADA OPERATIONS

The Canadian oil sands cover an area of 77,000 square kilometers in northeast and north central Alberta and are located in four major deposits: Wabasca, Cold Lake, Peace River and the Athabasca deposit. Athabasca, the largest of the four, encompasses the city of Fort McMurray, which is Syncrude's home base. It has been estimated that the bitumen resource in place amounts to 1.7 trillion barrels, greater than the reserves of the entire Middle East. The recoverable reserves of about 300 billion barrels, more than all of Saudi Arabia, are sufficient to supply Canada's oil needs for the next 200 years.

Over the last 20 years, the oil sands industry has quietly grown by about seven-fold, reaching a level of production sufficient to supply approximately 25 per cent of Canada's petroleum requirements. Still, after all of this, oil sand development has just begun. In fact, less than 1 per cent of the discovered recoverable oil sands resource has been produced, and it is estimated that current production plants throughout their lives will access just 2 per cent of their recoverable reserve.

There are three directly related community programs - employment, education and business development, however, partnerships go beyond that. They extend to the whole community. The company is committed to working with local people, when requested, to help them define and meet their needs and achieve self-reliance. To do that they have built up and maintained good relationships with formal and informal leaders. They help with physical, technical and financial support to the communities of the region in everything from health to sporting events. The overall goal is to improve the quality of life or provide benefits to the community.