



Increasing Aboriginal Participation in Major Resource Projects

The National Aboriginal Economic Development Board
October, 2012

The National Aboriginal Economic Development Board
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THE NATIONAL ABORIGINAL ECONOMIC DEVELOPMENT BOARD



Established in 1990, the National Aboriginal Economic Development Board is an Order-in-Council 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 Canadians. The Board also provides a vital link between policy makers, federal departments and Aboriginal and non-Aboriginal business and community leaders.

The National Aboriginal Economic Development Board can be found online at:

<http://www.naedb-cndea.com>

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Introduction

Over the past two decades, resource exploration and development activities have pushed further into every region of Canada, bringing significant opportunities in the form of jobs, business opportunities and revenue streams to the doorstep of Aboriginal communities. Indeed, there is solid evidence that First Nations, Inuit and Métis people increasingly play a central role in helping move these projects forward: the mining industry is now the largest employer of Aboriginal people; there are over 180 agreements between mining and energy companies and Aboriginal communities or governments across Canada; and, all but one of the 51 major projects currently under review by the federal government have an Aboriginal component.

Indeed, some of the most significant projects in Canada are set to take place in or near Aboriginal communities, including the Ring of Fire in Northern Ontario (\$60 billion in estimated mineral value), the Mackenzie Valley Pipeline in the Northwest Territories (\$16.2 billion in estimated direct and indirect investments), the Northern Gateway Pipeline in British Columbia and Alberta (\$5.5 billion in proposed new investments), potash and other mineral developments in Saskatchewan (\$30 billion in announced investments), and mining developments in Northern Quebec (\$8.2 billion in proposed new investments).

These opportunities are opening doors for Aboriginal people across Canada: an evolving legal landscape increasingly emphasizes the duty of the Crown to consult Aboriginal groups – which the National Aboriginal Economic Development Board (NAEDB) sees as a requirement to work with First Nations, Inuit and Métis people – on proposed resource exploration, development, and remediation projects; an aging labour force in the natural resource sectors presents our people with significant job opportunities over the next ten years; and, a growing foreign interest in Canada’s natural resources creates large scale opportunities for investment and international trade.

Not all Aboriginal groups agree with the existence, direction or pace of current and proposed natural resource development projects. However, it is abundantly clear that – where consensus can be reached – the viability and long-term success of these opportunities increasingly depend on Aboriginal communities and industry working together. Indeed, in the view of the NAEDB, increasing the participation of First Nations, Inuit and Métis people in major projects as equity partners, entrepreneurs and workers is the most effective way to see these economic opportunities move ahead and help close the socio-economic gaps between Aboriginal and non-Aboriginal Canadians.

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In May 2012, the Minister of Aboriginal Affairs and Northern Development Canada requested that the NAEDB provide him with recommendations for the development of strategies to increase Aboriginal participation in major projects. The Minister requested that the Board look at specific ways Canada’s Aboriginal peoples, their communities and their businesses can participate in, and benefit from, major projects, and how they can establish and build relationships with private industry.

To help inform the development of our advice to the Minister, the NAEDB met with a number of organizations, including industry proponents, First Nations, Inuit and Métis groups, and federal and



provincial departments and agencies.¹ We wish to thank each of these organizations and their representatives for offering their time and insights to help the Board arrive at the recommendations found in this report. These recommendations represent a first step in the NAEDB's work to identify ways in which Aboriginal people can fully benefit from Canada's resource economy. The Board expects to delve further into specific elements of this topic (e.g. training, education, energy, revenue sharing, global resource development opportunities, etc.) in the near future to provide further advice to the federal government.

Major Resource Opportunities and Aboriginal People in Canada

First Nations, Inuit and Métis people in Canada control a significant and growing land and resource base. 26 modern treaties and self-government agreements, covering over 50 per cent of Canada's land mass, have been concluded with Aboriginal groups; many of these agreements provide Aboriginal communities with control and rights over the surface and subsurface resources. 585 First Nations live on a total land base of 3.5 million hectares, an area that has grown nearly 25% since 1990, and which is expected to continue growing through additions to reserve and land claims. Successive Supreme Court of Canada decisions have affirmed the rights of Aboriginal people to be consulted about potential activities on their lands. Taken together, these factors have prompted governments and the private sector to engage Aboriginal communities more fully in the planning, development and implementation of natural resource projects.

The proximity of Canada's untapped resource potential to Aboriginal communities is remarkable:

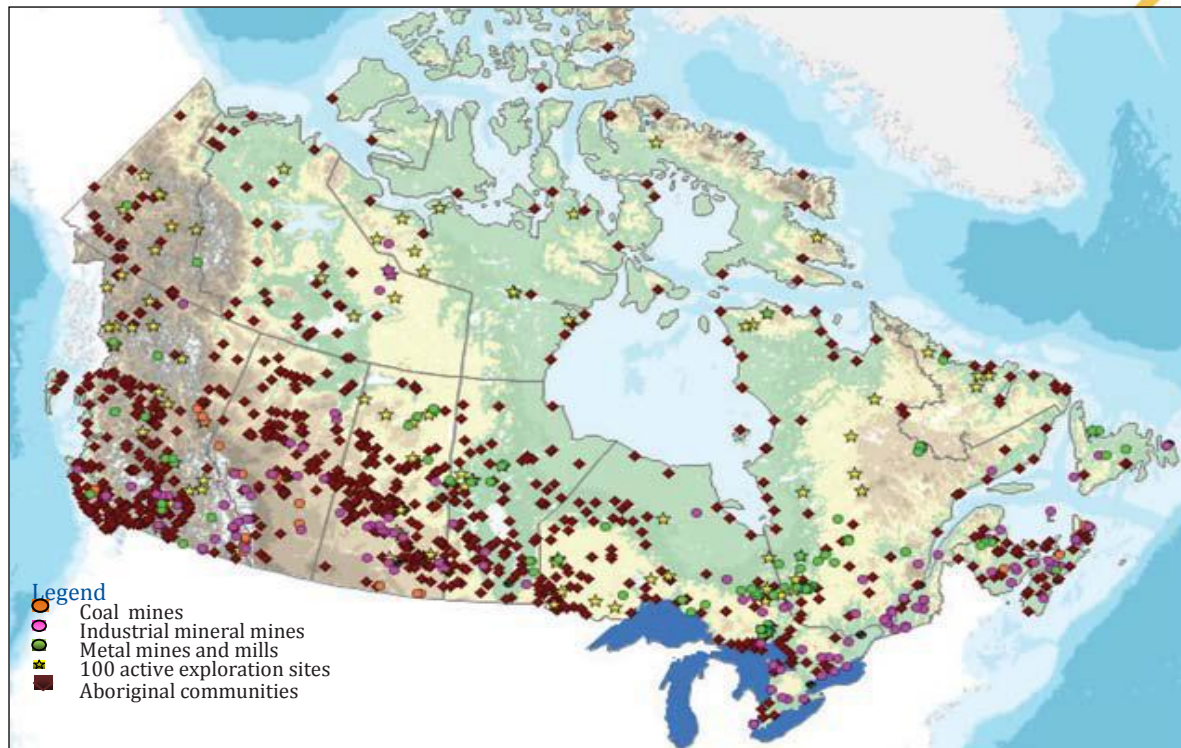
- One-quarter of Canada's discovered and undeveloped resources of conventional petroleum are found in Canada's North, where First Nation, Inuit and Métis people make up nearly 53% of the population and have settled claims that cover the majority of the territorial land and resource base. There are currently 24 advanced projects in the North representing \$38 billion in potential new investment. If developed, these projects would directly support an estimated 8,000 full-time jobs.
- Across Northern Quebec, much of which is covered under Modern Treaties with the Cree, Inuit and Naskapi, there are at least 11 proposed new mining projects. If these move ahead, \$8.2 billion in new capital is expected to be invested, and lead to the creation of 11,000 construction jobs, and 4,000 jobs annually for the operation of the mines.
- The provincial government of British Columbia has committed to having three Liquid Natural Gas facilities in operation by 2020, with at least two of these on First Nations lands. These represent more than \$20 billion in new direct investment, as many as 9,000 construction jobs, and approximately 800 long-term jobs.

Looking to the future, more than 600 major economic projects representing \$650 billion in new investments are planned over the next 10 years across Canada. With approximately \$315 billion worth of resource development projects scheduled to take place in or near Aboriginal communities, our involvement as participants, partners and proponents will only continue to grow.

¹ A list of these organizations can be found in Annex B.



Map 1: Aboriginal Communities and Active Mining and Exploration Sites in 2008²



Source: Mining Industry Human Resources Council, *Canadian Mining Industry Employment and Hiring Forecasts*, 2010, p. 24

The Current Situation

With the resource development sector as the single largest employer of Aboriginal people, and with governments and industry involving Aboriginal communities more actively in resource opportunities, Aboriginal participation in major resource projects in Canada is a given. It is the nature and extent of our participation that is at issue.

Unfortunately, the current evidence suggests that Aboriginal people are poorly positioned to fully benefit from the resource economy:

- There is a significant gap in the earnings of Aboriginal and non-Aboriginal workers. For example, Natural Resources Canada estimates that, in the mining sector, Aboriginal workers earn approximately \$18,000 less each year than their non-Aboriginal counterparts, a difference explained in large part by Aboriginal people holding less skilled jobs.
- A lack of business expertise delays, or prevents, the participation of some Aboriginal entrepreneurs in opportunities resulting from nearby major projects and can also impede communities from pursuing partnerships, such as equity participation or joint ventures, with industry proponents.

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² This map only reflects a selection of major mining and exploration sites as of 2008. It does not show more recent mining exploration sites in Yukon, Quebec, etc. As an example of recent developments, a detailed map of Yukon can be viewed at: http://www.geology.gov.yk.ca/pdf/2011_Exploration_map_DEM-bkgd_Dec_2011.pdf



- Many Aboriginal communities lack the legal, scientific or technical expertise to negotiate fair agreements with industry proponents.
- The lack of adequate transportation, telecommunication and energy infrastructure in and around Aboriginal communities is an obstacle to economic development and limits the full participation of Aboriginal communities in major projects opportunities.

A Strategy to help First Nations, Inuit and Métis people benefit from the Resource Economy

Our discussions with Aboriginal groups, industry proponents, and federal and provincial departments and agencies revealed the following themes:

One-size-fits-all solutions do not work: Aboriginal communities are at varying stages of development, under different systems of government, with different opportunities and challenges. There is no single solution that will help all Aboriginal communities benefit from resource development projects. Instead, we need to build on successful approaches that have proven results.

Government should focus its efforts: Successful approaches to connecting First Nations, Inuit and Métis people to major resource development opportunities are not led by government; they are the product of Aboriginal communities, governments and industry working together. The government should focus its role as a regulator of industry activity, a facilitator of partnerships, and a funding partner.

Aboriginal equity ownership is key: Ownership provides Aboriginal groups with a voice in decision-making, aligns our interests with project partners, increases our self-reliance and ensures that we share in the benefits and risks of resource development activities on our lands. Equity participation also provides spin-off benefits in communities, including revenues to improve housing, social services and the local economy.

Incentives should promote self-reliance: Measures to increase Aboriginal people's participation in exploration, development or remediation activities should focus on increasing our participation in major projects as partners, employees, businesses, and project proponents.

To help increase First Nations, Inuit and Métis economic participation in the resource economy, the NAEDB believes that the federal government, in collaboration with other key partners including provincial and territorial governments and private industry, must develop and implement a strategy focusing on four priority areas:

1. Connect Aboriginal communities to Industry

Incentives should promote joint ventures, equity participation and other forms of partnership between Aboriginal groups and industry proponents. This is the best way to ensure that Aboriginal and non-Aboriginal Canadians receive maximum benefit from resource opportunities.

2. Strengthen the Framework for Collaboration

The federal government must set a clear and well understood framework within which Aboriginal groups and the private sector can partner to develop resource opportunities.



3. Develop Human Capital

Education and training programs must link those who need jobs with real labour market needs to improve their prospects for employment.

4. Promote Information Sharing and Awareness

Aboriginal communities must have access to the right information and expertise to be able to meaningfully enter into partnerships with industry.

“Building mutually beneficial and effective relations with aboriginal communities makes good business sense, both in the short-term for current business needs, and in the long-term for enduring projects and activities.”

- Canadian Association of Petroleum Producers



1. Connect Aboriginal communities to Industry

There is strong evidence to suggest that, when Aboriginal groups and industry proponents work together directly, certainty for all parties is enhanced, communities make more informed decisions, business and employment opportunities increase, exploration and development costs are reduced, and projects move forward more quickly.

a. Introduce a Tax Incentive linked to Aboriginal Participation

Provincial governments grant tax credits as a way to encourage the private sector to engage in exploration for natural resources. Examples include the *Saskatchewan Mineral Exploration Tax Credit*, and British Columbia’s *Mining Exploration Tax Credit*. Most Aboriginal communities lack a similar mechanism to encourage development on their lands. As such, an uneven playing field is created where Aboriginal communities are less competitive jurisdictions in which to conduct natural resource activities.

The Board believes that the introduction of a tax incentive should also be used as a mechanism to ensure Aboriginal communities benefit from potential exploration, development and remediation activities.

Recommendation 1.1

It is recommended that a federal tax incentive, attached to a “net-benefits” package as a condition of eligibility, be introduced for industry to engage Aboriginal communities in the exploration and/or development of resource opportunities.

Eligibility criteria for the tax credit should maximize employment levels of Aboriginal Canadians, create targets for training and apprenticeship of Aboriginal Canadians, set Aboriginal business procurement targets, and, most importantly, encourage Aboriginal equity participation.

b. Increase Aboriginal Participation through Ownership

Aboriginal ownership and equity participation in major natural resource projects is a potential option for ensuring Aboriginal people and communities benefit from economic activity on their traditional lands. Through equity participation in projects, Aboriginal communities are more directly involved in the conduct of business and receive part of the profits from the resource development activities. Being an equity partner can significantly increase the self reliance of a community and build long-term capacity.

However, given the scale of natural resource projects, which are typically capital intensive, most communities do not have the financial means to acquire the equity directly. Incentives for investors and industry proponents to allow Aboriginal communities to obtain equity stakes in major natural resource projects exist, but are not significant enough to support the kind of large scale investments required for meaningful equity participation.



Recommendation 1.2

It is recommended that the Government of Canada, in collaboration with provincial and territorial governments, industry stakeholders and Aboriginal organizations, develop a loan guarantee instrument or other financing measures to facilitate equity participation for Aboriginal communities in natural resources projects.

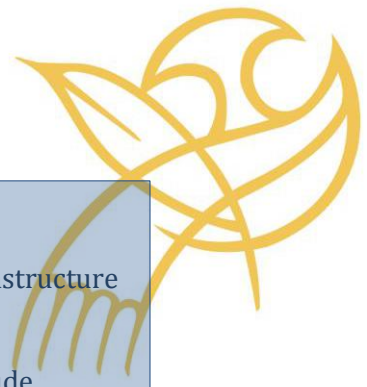
An Example of Aboriginal Equity Participation – The Aboriginal Pipeline Group

The Aboriginal Pipeline Group (APG) works with all the Aboriginal groups along the Mackenzie Valley to ensure that they have a stake in the Mackenzie Valley Pipeline (MVP) project. In 2000, a group of leaders met to discuss how they wanted to participate and to determine their common vision to maximize Aboriginal ownership and benefits from the pipeline. APG was able to secure one-third ownership interest in the MVP. APG's current shareholders are: the Gwich'in Tribal Council, the Inuvialuit Regional Corporation and the Sahtu Pipeline Trust. The APG deal works as follows: 1) APG borrows money to pay for its share in the pipeline from a group of banks; 2) natural gas producers sign long-term shipping contracts with the pipeline and pay a fee to transport their gas from the Mackenzie Delta to Alberta; 3) loans are repaid from APG's share of pipeline revenue; and, 4) the balance of APG revenue is returned to APG shareholders as dividends. Once the pipeline is completed, APG will be able to pay meaningful long-term dividends to its stakeholders.

c. Prioritize infrastructure near major projects

Infrastructure is a critical component of economic development that is generally funded by public governments. The absence of permanent roads in many remote and Northern Aboriginal communities and deteriorating air traffic infrastructure make access to supplies difficult and expensive. As the effects of global climate change continue, the availability of many seasonal transportation routes, such as ice roads, will decrease. Deficits in telecommunications capability and low cost energy infrastructure in Aboriginal communities also impede business development.

The current deficits in infrastructure in and around Aboriginal communities are attributable, at least in part, to insufficient capital investment budgets. The Federal Framework for Aboriginal Economic Development identifies deficits in infrastructure as a key impediment to economic development and investment, particularly within reserve communities or in the North. For Aboriginal communities to reach their full economic potential, it is essential that adequate infrastructure is in place to support natural resource projects and to encourage industry investments.



Recommendation 1.3

It is recommended that the Government of Canada prioritize funding for core infrastructure to help advance major resource opportunities in or near Aboriginal communities.

In addition, infrastructure projects in or near Aboriginal communities should include specific measures to benefit Aboriginal communities in terms of employment, procurement and contracting.

An Example of Infrastructure Investment in Northern Quebec

In Northern Quebec, significant investments are being made to gain access to the region's abundant natural resources, particularly mining deposits, forestry and hydroelectric projects, as well as to provide important connections to Aboriginal and non-Aboriginal communities. For example, road 167 will be expanded to reach diamondiferous deposits and to eventually create a link with the Transtaiga and James Bay roads. This \$330 million dollar project will involve Cree businesses clearing the land and constructing the road.

“Aboriginal communities also have legitimate concerns about major resource expansion, including implications for land claims, the impact on their communities and way of life, as well as on the land, air and water around them”
- Canadian Council of Chief Executives



2. Strengthen the Framework for Collaboration

In the Haida and Taku River decisions in 2004, and the Mikisew Cree decision in 2005, the Supreme Court of Canada found that the Crown has a duty to consult and, where appropriate, accommodate Aboriginal interests when it contemplates conduct that might adversely impact potential or established Aboriginal or Treaty rights. The Court explained that the duty stems from the Honour of the Crown and the Crown’s unique relationship with Aboriginal peoples.

In more recent decisions, the Court explained that: the duty to consult is a Constitutional duty; that this duty applies in the context of modern treaties; officials must look at treaty provisions first; and, where treaty consultation provisions do not apply to a proposed activity, a “parallel” duty to consult exists. The Supreme Court has also clarified that – depending on their mandate – entities such as boards and tribunals may also play a role in fulfilling the duty to consult; that high level strategic decisions may now trigger the duty to consult; and that the duty applies to current and future activities and not historical infringements.

a. Clarify the Duty to Consult and Accommodate

There is no shared understanding of Aboriginal and treaty rights protected under Canada’s Constitution among governments, industry proponents and Aboriginal people, and no harmonized approach to acting on the Crown’s duty to consult and accommodate Aboriginal peoples across the country.

In the view of the NAEDB, two main challenges are associated with consultation and accommodation. The first is the need for clarity – among Aboriginal communities, the Crown and the private sector – regarding what constitutes satisfactory consultation. The second is the need for training and reference tools for federal officials and industry proponents to ensure a common understanding about Aboriginal and treaty rights and the legal duty to work with and accommodate First Nations, Inuit and Métis people.

...the absence of clear directives is detrimental to both Aboriginal groups and proponents, creating uneven implementation and uncertainty for all parties. Economic activity cannot thrive where there is uncertainty.

In March 2011, the federal government published the *Updated Guidelines for Federal Officials to Fulfill the Duty to Consult*, which presents guiding principles and consultation directives to provide clearer directions for federal departments to fulfill their duty. However, specific consultation requirements for project proponents have yet to be developed. The absence of clear directives for industry can create uneven implementation and uncertainty for all parties. Economic activity cannot thrive where there is uncertainty.

The NAEDB notes, however, that there are a number of successful frameworks for consultation with proven results. These include the consultation protocol for the 13 First Nations represented by the Assembly of Nova Scotia Mi’kmaq, as well as frameworks established under most Modern Treaties, including Chapter 21 of the Gwich’in Comprehensive Land Claim Agreement (1992) and Chapter 22 of the Sahtu Dene and Métis Comprehensive Land Claim Agreement (1993) – provided under Annex D.





These documents set clear rules for industry proponents, reduce uncertainty, and allow Aboriginal communities and industry to work together directly on resource opportunities. Based on the experience of communities operating under these regimes, and recognizing that one-size-fits-all solutions do not work, the federal government must set clear and well understood frameworks within which Aboriginal groups and the private sector can partner to develop resource opportunities. In the territories, this may well mean letting Aboriginal groups and the private sector establish the framework themselves.

Recommendation 2.1

It is recommended that the federal government works to adopt a clear consultation framework, such as the one established under the Gwich'in and the Sahtu Dene and Métis Comprehensive Land Claim Agreements, in future protocols between governments and Aboriginal groups.

The NAEDB further recommends that future territorial devolution agreements adhere to the successful and effective consultation provisions found in existing, constitutionally-protected, Comprehensive Land Claim Agreements.

An Example of a successful framework for consultation – Chapter 22 of the Sahtu Dene and Métis Comprehensive Land Claim Agreement

Under the Sahtu Dene and Métis Comprehensive Land Claim Agreement, prior to opening any lands in the settlement area for oil and gas exploration, the government is required to notify the Sahtu Tribal Council, provide it with an opportunity to present its views to government on the matter, including benefits plans and other terms and conditions to be attached to rights issuance, and consider such views.

The Agreement also states that similar consultations should be held prior to the exercise of a developer's rights, to assess – for example – the environmental impact of the activity, the impact on wildlife harvesting, and any potential mitigative measures. Under this Agreement, similar consultations must be held before the exercise of a developer's right to develop or produce minerals other than oil and gas.

Consultation does not take place if people do not understand the conversation. Having a framework in place is only part of the solution. There is also a need for training and reference tools for federal officials and industry proponents to ensure a common understanding about Aboriginal frameworks for consultation and accommodation.

Consultation does not take place if people do not understand the conversation.





Recommendation 2.2

It is recommended that the federal government continue its work to increase the awareness and knowledge of federal officials on the duty to consult and accommodate. This training should promote awareness of existing memoranda of understanding and protocols between Aboriginal groups and governments.

It is further recommended that the federal government make this training available to industry proponents.



"Further Aboriginal engagement is ... crucial since Aboriginal communities represent a large source of labour close to a significant number of mining operations."

- Mining Industry Human Resources Council



3. Develop Human Capital

Canada's Aboriginal population is growing at double the rate of the non-Aboriginal population, and it is projected that Aboriginal people will be the source of all Canada's core population growth between 2011 and 2021. Nowhere else in the economy is this potential source of labour more valuable than in the natural resource sectors.

When our people are not working, it represents much more than a missed opportunity; it reduces self-reliance and increases social spending.

Available data from Natural Resources Canada and Human Resources and Skills Development Canada indicate that the combined labour market needs of Canada's energy, mining and forest sectors range between 236,000 and 391,000 cumulative hires by 2021. In the mining industry alone, more than 112,000 workers will need to be hired over the next 10 years to replace retiring workers and respond to increased activity. This means replacing about one out of every two employees over the next decade. However, many Aboriginal communities have unemployment rates as much as three times that of the non-Aboriginal population.

a. Training for Aboriginal People

The NAEDB notes that Aboriginal people in Canada are either not being connected to available job opportunities, or lack the support systems, education or required training to actively participate in the resource economy. When our people are not working, it represents much more than a missed opportunity; it reduces self-reliance and increases social spending.

An Example for Improving Educational Outcomes – Sunchild E-Learning Community

Sunchild E-Learning Community (SEL) provides high quality distance learning across Canada to First Nations, Métis & Inuit students.

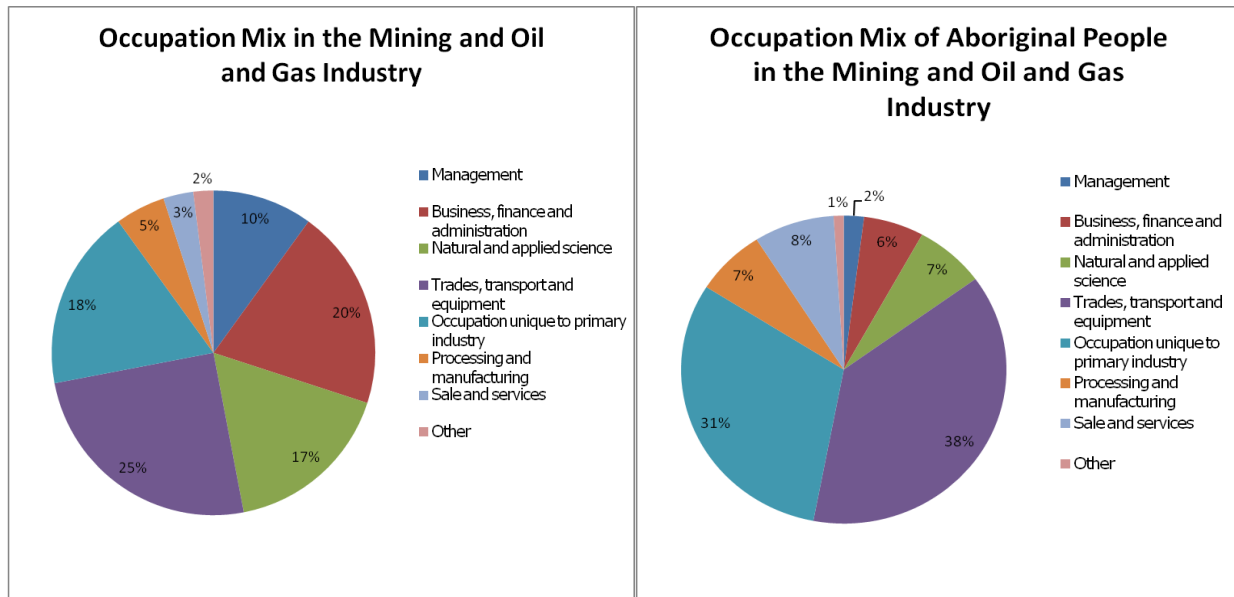
SEL is different from conventional distance learning programs in that it creates accountability and interaction between student and teacher. Students are expected to be logged into the computer during class time and can speak with the teacher through text messaging or a microphone. Achievement is tracked on a weekly basis so that support can be provided as soon as it becomes necessary.

In addition to Grade 7 to 12 curriculum, SEL offers Oil & Gas Production Operator courses in collaboration with the Northern Alberta Institute of Technology.





A significant number of Aboriginal communities are located near current and future natural resource operations and Aboriginal people should be part of the answer to respond to the anticipated worker shortage in the natural resource sector. Yet, proponents of major resource projects still rely heavily on workers from other regions or countries instead of tapping into the significant pool of available Aboriginal people. One of the reasons for this situation is that Aboriginal people do not always have the skill-sets that are desired by industry, which means that they can't be employed or end up employed in unskilled positions, as the following graphs illustrate.



Recommendation 3.1

It is recommended that Aboriginal kindergarten to grade 12 and advanced education programs include – where appropriate – vocational and essential skills required to participate in the workforce and increase linkages with local industry to prepare students for occupations that are in demand.

Funding and support for post-secondary education should be sufficient for all youth who wish to pursue studies in the technical, geological and science sector.

Internationally, other countries have adopted initiatives, such as wage subsidies, to increase the connection between Aboriginal people and the labour market. For example, Australia's Indigenous Wage Subsidy (IWS) is an incentive paid to employers when eligible Indigenous Australians are hired on an ongoing basis. The program provides a wage subsidy to employers of eligible Aboriginal job seekers after 13 and 26 weeks of employment, up to \$6,500 for ongoing full-time positions and up to \$3,300, for ongoing part-time positions (including all retention bonuses). Employers may also claim reimbursement of up to \$550 in Career Development Assistance for IWS participants who enroll in an accredited training course or obtain an accreditation within their first 26 weeks of employment.





Although wage subsidies are a good way to integrate Aboriginal people in the workforce, the NAEDB believes that long term gains can also be achieved through meaningful training, which increases the self reliance of individuals. Human Resource and Skills Development Canada's Aboriginal Skills and Employment Training Strategy (ASETS) is a successful strategy that links training and skills upgrading opportunities for Aboriginal people to real labour market demand and helps to answer the needs of individuals looking for employment or seeking to upgrade their skills.

However, natural resource projects create a sudden demand for a large number of workers. The Board notes that there is no national program aimed at supporting the significant training needs that Aboriginal communities require to fully benefit from employment opportunities linked to major resource development opportunities. Such large scale training initiatives, such as the Raglan/Tamatamani project in Quebec, have proven successful in the past.

The Raglan/Tamatamani project was co-funded by the Government of Canada, the Government of Quebec, the Kativik Regional Government and Xstrata Nickel. Through this project, Inuit received the skills training they needed to build careers at Xstrata Nickel's Raglan Mine. Further to phase I of this project, 58 participants were able to use their transferable skills to obtain long-term employment at the mine.

Recommendation 3.2

It is recommended the Government of Canada develop a large scale training and certification program that promotes increased participation of Aboriginal people in major natural resource development opportunities.

This program should promote group hiring of individuals from the same community to facilitate inclusion in the workplace, include a collaborative approach with provinces/territories and industry proponents and be co-funded by governments and industry.

b. Increase Aboriginal participation in reclamation projects

The final stage of many major resource development projects is 'reclamation', when the project site is returned to the state in which it was found. Typically this responsibility falls to the project proponent and Aboriginal employment is negotiated through a project agreement.

Instances arise, however, where industry fails to meet their obligation to reclaim the site. This leaves the Crown to complete the task. Such projects can represent a significant business development and employment opportunity for many Aboriginal communities

Recommendation 3.3

It is recommended that – where the federal government has taken responsibility for reclamation of a mining project – procurement practices are implemented to give Aboriginal firms and workers the priority to carry out the work.





***An Example of Partnership in Reclamation –
The Fonds Restor-Action in Nunavik***

Fonds Restor-Action Nunavik brings together many mining and exploration companies active in Quebec, all working cooperatively towards the common purpose of the cleanup and restoration of abandoned mining exploration sites. In 2007, a ten-year agreement was signed between the Fonds, the Kativik Regional government, the Makivik Corporation and the ministère des Ressources naturelles et de la Faune du Québec to clean up 18 major sites and 27 intermediary sites. The Fonds creates 100 seasonal jobs for Aboriginal and non-Aboriginal people.

"Many First Nation, Inuit and Métis companies and communities may not have the knowledge or expertise to understand and act on the range of opportunities presented by major projects."
- Aboriginal Human Resources Council



4. Promote Information Sharing and Awareness

Exploration Agreements, Participation Agreements, Memoranda of Understanding and Impact Benefit Agreements represent partnership agreements between industry and Aboriginal communities that, in principle, help communities and their members benefit from major resource opportunities. Benefits may include procurement set-asides for Aboriginal businesses, jobs and training for community members, equity participation, and financial arrangements such as royalty payments.

However, as the NAEDB noted consistently over the past decade, many Aboriginal communities have considerable work to do to develop the administrative capacity to "identify economic opportunities, form partnerships, [and] negotiate agreements." The Board believes this is still the case. Indeed, there is currently limited information available to Aboriginal communities to aid in their negotiation of highly technical projects and partnership agreements, and many lack the necessary legal, scientific and technical capacity to participate in meaningful consultations or negotiations with industry proponents.

People want to be able to make informed decisions. When people have clear information, the community can decide if being involved in a major project is something they can take on.

Recommendation 4.1

It is recommended that a publicly accessible, independent, online 'clearinghouse' of information to help Aboriginal communities negotiate with outside parties be established. Information in this clearinghouse should be provided by Aboriginal people, industry and governments. This clearinghouse should include, but not be limited to:

- Information on best practices such as sample partnership agreements and protocols;
- Traditional use maps;
- The types of expertise that are required to understand an opportunity;
- Market and commodity analysis information developed by Natural Resources Canada, Environment Canada and Human Resources and Skills Development Canada;
- Mentorship possibilities for Aboriginal business people and community leaders.

The Board notes that there are a number of provinces, including Alberta, Saskatchewan and Quebec, which designate funds to ensure Aboriginal communities can retain outside legal and scientific expertise during the engagement and negotiation process. This ensures that communities can negotiate on a fairer basis with industry proponents and reap long term economic benefits from natural resource development.

Recommendation 4.2

It is recommended that the federal government works with provincial and territorial governments to ensure Aboriginal communities have access to the required expertise to participate in negotiations, through designated funds, access to a database of experts, or other means.



"There is no one-size-fits-all approach when it comes to the large array of resource development projects and the number of distinctive Aboriginal communities."
Framing an Energy Strategy for Canada, Submission to the Council of the Federation,
- Canadian Council of Chief Executives, July 2012



Conclusion

Increasing the participation of First Nations, Inuit and Métis people in major projects is one of the most important paths for Aboriginal peoples, their businesses and their communities to grow economically and become more self-reliant. To achieve increased participation, the NAEDB recommends that the federal government's activities be focused on four priority areas: connection with the industry, collaboration, human capital and information sharing.

The Government of Canada should support connections between Aboriginal communities and Industry through the development of incentives and support measures that would encourage project proponents to include Aboriginal participation in their activities and include communities as equity partners. The government should also prioritize investments in infrastructure to help advance business opportunities in or near Aboriginal communities.

Collaboration between Aboriginal people, governments and industry proponents is a prerequisite to the successful participation of Aboriginal in major projects. The role of the Government of Canada is to ensure that a clear and relevant framework for collaboration is in place to support Aboriginal people's interests. This includes greater alignment of all parties involved in the duty to consult and ensuring that partners, industry and provincial/territorial governments, are aware and have the capacity to fulfill their duty to consult.

The Government of Canada should also take action to improve the connection of Aboriginal people to the labour force through education and training initiatives. Increasing the number of ready to work Aboriginal people constitute an opportunity for both Aboriginal people, to increase their self-reliance, and industry proponent, who are faced with shortages of workers.

In order to benefit fully from opportunities arising from major projects, Aboriginal communities need to increase their administrative capacities and their expertise to negotiate partnership agreements with proponents. The Government of Canada should support Aboriginal communities by ensuring that information such as best practices learned from past agreements, market data and sources of funding are easily accessible. In addition, funding to access expertise for negotiating with industry should be available throughout the country.

The strategy and recommendations set out in this report represent the National Aboriginal Economic Development Board's first step toward helping to increase the participation of First Nations, Inuit and Métis people in major resource development opportunities. In our 2012-15 Strategic Plan, we identified "Increasing the Participation of Aboriginal Canadians in Major Projects" as one of our strategic priorities over the coming years.

As such, the Board will continue its work in this area to identify and overcome other specific barriers that prevent or limit First Nations, Inuit and Metis' full participation in major resource opportunities. This will include further work with other leading resource sector firms and Aboriginal groups to identify ways to increase partnerships between Aboriginal communities and industry.





ANNEX A - List of Recommendations

Recommendation 1.1

It is recommended that a federal tax incentive, attached to a “net-benefits” package as a condition of eligibility, be introduced for industry to engage Aboriginal communities in the exploration and/or development of resource opportunities.

Eligibility criteria for the tax credit should maximize employment levels of Aboriginal Canadians, create targets for training and apprenticeship of Aboriginal Canadians, set Aboriginal business procurement targets, and, most importantly, encourage Aboriginal equity participation.

Recommendation 1.2

It is recommended that the Government of Canada, in collaboration with provincial and territorial governments, industry stakeholders and Aboriginal organizations, develop a loan guarantee instrument or other financing measures to facilitate equity participation for Aboriginal communities in natural resources projects.

Recommendation 1.3

It is recommended that the Government of Canada prioritize funding for core infrastructure to help advance major resource opportunities in or near Aboriginal communities.

In addition, infrastructure projects in or near Aboriginal communities should include specific measures to benefit Aboriginal communities in terms of employment, procurement and contracting.

Recommendation 2.1

It is recommended that the federal government works to adopt a clear consultation framework, such as the one established under the Gwich'in and the Sahtu Dene and Métis Comprehensive Land Claim Agreements, in future protocols between governments and Aboriginal groups.

The NAEDB further recommends that future territorial devolution agreements adhere to the successful and effective consultation provisions found in existing, constitutionally-protected, Comprehensive Land Claim Agreements.

Recommendation 2.2

It is recommended that the federal government continue its work to increase the awareness and knowledge of federal officials on the duty to consult and accommodate. This training should promote awareness of existing memoranda of understanding and protocols between Aboriginal groups and governments.

It is further recommended that the federal government make this training available to industry proponents.

Recommendation 3.1

It is recommended that Aboriginal kindergarten to grade 12 and advanced education programs include – where appropriate – vocational and essential skills required to participate in the workforce and increase linkages with local industry to prepare students for occupations that are in demand.





Funding and support for post-secondary education should be sufficient for all youth who wish to pursue studies in the technical, geological and science sector.

Recommendation 3.2

It is recommended the Government of Canada develop a large scale training and certification program that promotes increased participation of Aboriginal people in major natural resource development opportunities.

This program should promote group hiring of individuals from the same community to facilitate inclusion in the workplace, include a collaborative approach with provinces/territories and industry proponents and be co-funded by governments and industry.

Recommendation 3.3

It is recommended that – where the federal government has taken responsibility for reclamation of a mining project – procurement practices are implemented to give Aboriginal firms and workers the priority to carry out the work.

Recommendation 4.1

It is recommended that a publicly accessible, independent, online 'clearinghouse' of information to help Aboriginal communities negotiate with outside parties be established. Information in this clearinghouse should be provided by Aboriginal people, industry and governments. This clearinghouse should include, but not be limited to:

- Information on best practices such as sample partnership agreements and protocols;
- Traditional use maps;
- The types of expertise that are required to understand an opportunity;
- Market and commodity analysis information developed by Natural Resources Canada, Environment Canada and Human Resources and Skills Development Canada;
- Mentorship possibilities for Aboriginal business people and community leaders.

Recommendation 4.2

It is recommended that the federal government works with provincial and territorial governments to ensure Aboriginal communities have access to the required expertise to participate in negotiations, through designated funds, access to a database of experts, or other means.





ANNEX B – Organizations

To help inform the recommendations found in this report, the NAEDB met with numerous Aboriginal groups, private sector proponents and departments and agencies from various levels of government.

Federal Government

Aboriginal Affairs and Northern Development Canada
Canadian Environmental Assessment Agency
Canadian Northern Economic Development Agency
Canada Economic Development for Quebec Regions
Enterprise Cape Breton
Human Resources and Skills Development Canada
Major Projects Management Office
Natural Resources Canada
Northern Projects Management Office

Provincial Governments

Department of Natural Resources, Government of Nova Scotia
Ministry of Natural Resources, Government of Ontario

Aboriginal Communities and Organizations

Aboriginal Human Resources Council
Aboriginal Pipeline Group
Unama'ki Benefits Office
Makivik Corporation
Métis Nation of Ontario
Métis Voyageur Development Fund
Webequie First Nation
Inuvialuit Regional Corporation
Sunchild E-Learning

Private Industry

Noront Resources Limited
Xstrata Nickel
Rio Tinto Canada



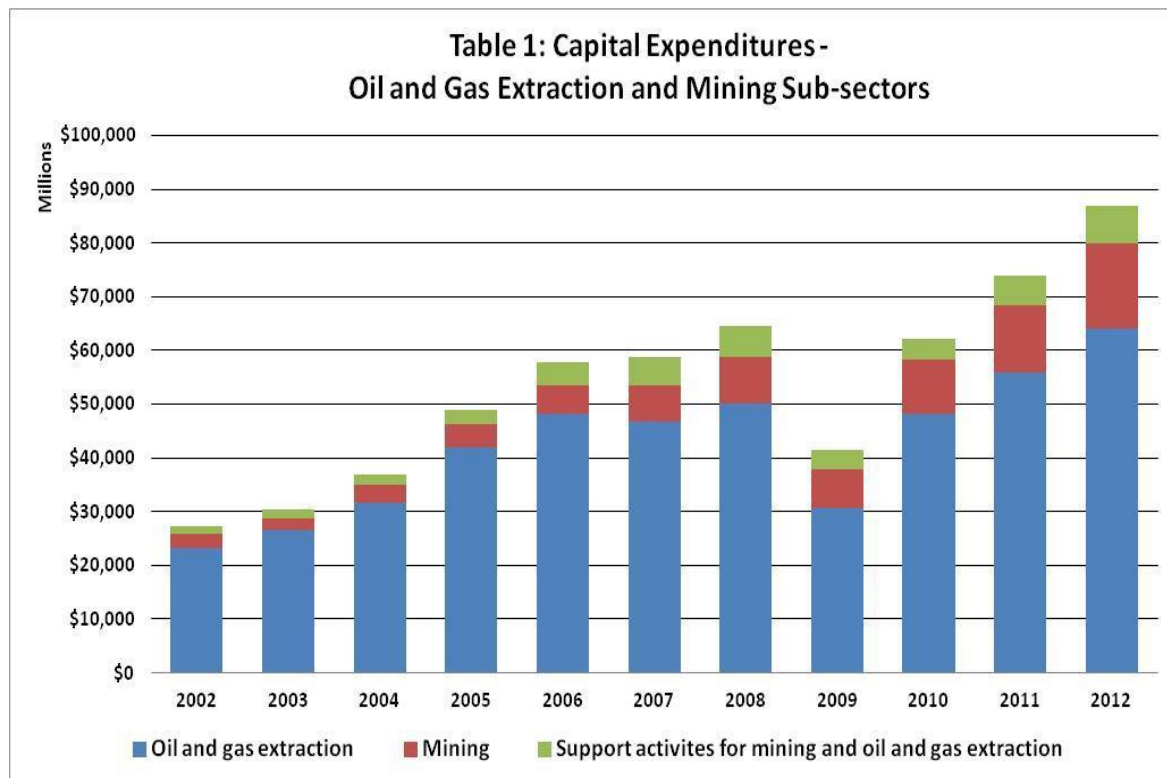


ANNEX C – Canada and the Resource Economy

Canada is widely recognized as holding some of the most significant natural resource endowments in the world. Our country has 10 percent of the world's forests and 42 percent of certified forests, produces more than 60 minerals and metals with leadership positions in the production of diamonds, nickel, potash, uranium, and zinc, and holds the third largest crude oil proved reserves with over 27.6 billion cubic metres. Taken together, Canada's natural resources accounts for \$1.2 trillion (15%) of the country's non-financial wealth.

Major projects in the natural resource sectors have long represented a significant driver of the Canadian economy, creating jobs and driving development across the country for generations. In 2011 alone, the forestry, minerals and metals, and energy sectors generated 15 percent, or \$243 billion, of Canada's nominal gross domestic product (GDP), directly employed close to 800,000 people, and accounted for 29% of capital investment in Canada. Through the purchase of goods and services, the energy and minerals and metals sectors drive in part the GDP of other sectors (e.g. construction, machinery, professional services). The indirect contribution of the natural resources sector is estimated at approximately \$70 billion or 4% of nominal GDP and about 800 000 jobs in other sectors of the economy.

The importance of resource development activities to the Canadian economy is expected to grow. With rising international demand for our resource endowment, actual and projected capital investments in the oil and gas extraction and mining sectors are increasing significantly (Table 1). Between 2011 and 2012, capital expenditures in the oil and gas sector are projected to increase 14.8% to \$64.1 billion. In the mining sector, capital expenditures are projected to increase by 25.7% to \$15.7 billion.



Annex D – Sahtu Dene and Metis Comprehensive Land Claim Agreement - 1993



Chapter 22 – SUBSURFACE RESOURCES

22.1 GENERAL

22.1.1 In this chapter, "development" means the stage after a decision to go into production has been made, but before actual production commences; and "production" means the removal and taking ownership of minerals other than for assay or testing purposes.

22.1.2 Prior to opening any lands in the settlement area for oil and gas exploration, government shall notify the Sahtu Tribal Council, provide it with an opportunity to present its views to government on the matter, including benefits plans and other terms and conditions to be attached to rights issuance, and consider such views.

22.1.3 Before any oil and gas exploration takes place, the person proposing to explore and the Sahtu Tribal Council shall consult on the exercise of the person's exploration rights with respect to the matters listed in (a) to (h) below.

Similar consultations shall be held before the exercise of a developer's rights to develop or produce:

- (a) environmental impact of the activity and mitigative measures;
- (b) impact on wildlife harvesting and mitigative measures;
- (c) location of camps and facilities and other related site specific planning concerns;
- (d) maintenance of public order including liquor and drug control;
- (e) employment of participants, business opportunities and contracts, training orientation and counselling for employees who are participants, working conditions and terms of employment;
- (f) expansion or termination of activities;
- (g) a process for future consultations; and
- (h) any other matter of importance to the participants or the person.

Such consultations are not intended to result in any obligations in addition to those required by legislation.

22.1.4 Any person who proposes to explore for minerals other than oil and gas and who requires a land use permit or water licence shall consult the Sahtu Tribal Council as provided in **22.1.3**.

22.1.5 Similar consultations shall be held before the exercise of a developer's right to develop or produce minerals other than oil and gas.

22.1.6 The Government of the Northwest Territories shall involve the participants in the development and implementation of any Northern Accord on oil and gas development in the Northwest Territories which is negotiated pursuant to the enabling agreement, dated September 5, 1988, between Canada and the Government of the Northwest Territories, or any other agreement under which jurisdiction over minerals may be transferred from the Government of Canada to the Government of the Northwest Territories.





22.1.7 Government agrees to consult the Sahtu Tribal Council in relation to any proposed legislation which affects only the Northwest Territories or only Yukon and the Northwest Territories and which:

- (a) regulates the exploration, development or production of subsurface resources in the settlement area; or
- (b) establishes requirements for subsurface rights issuance in relation to subsurface resources in the settlement area.

22.2 INTERIM MEASURE

22.2.1 (a) Prior to the transfer of jurisdiction described in 22.1.6, any person who proposes to explore for, develop or produce oil and gas on Sahtu lands described in 19.1.2(a) shall, in addition to any other obligations under this agreement, submit a benefits plan to the Minister of Indian Affairs and Northern Development for approval.

(b) The Minister of Indian Affairs and Northern Development may require that the benefits plan in (a) contain provisions to ensure access to training and employment opportunities and to facilitate participation by the participants in the supply of goods and services.

(c) Any person who proposes to explore for, develop or produce oil and gas on Sahtu lands described in 19.1.2(a) shall consult the Sahtu Tribal Council prior to the submission and during the implementation of the benefits plan.

22.2.2 The obligations in 22.2.1 shall remain in effect until the Government of the Northwest Territories enacts legislation with respect to benefits from oil and gas activities on the Sahtu lands referred to in 19.1.2(a).

22.2.3 Government shall consult the Sahtu Tribal Council in the preparation of any policies or legislation to implement 22.2.1.

