



2013-2014 Annual Report

National Aboriginal Economic Development Board
June 2014

The National Aboriginal Economic Development Board
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MESSAGE FROM THE CHAIR

On behalf of the National Aboriginal Economic Development Board (the Board), I am proud to present the *Annual Report* for 2013-2014. As Aboriginal business and community leaders, we view economic development as a necessary pre-requisite for the well-being of both Aboriginal and non-Aboriginal communities alike. The Board has worked to achieve a number of milestones in the last year that have contributed to ensuring that federal policies and programs coincide with the goals of fostering the economic growth of First Nations, Inuit, and Métis communities.



Key highlights from the Board's work in 2013-2014 include:

- The release of recommendations on *Addressing Barriers to Economic Development on Reserve*, providing the Government of Canada with practical options to address sections of the *Indian Act* that, in the Board's view, create the most significant barriers to economic development on reserve;
- The release of a series of four *Indicator Reports* that support our 2012 *Aboriginal Economic Benchmarking Report* and which provide an assessment of the state of the Aboriginal economy and provide important information on the status of the Aboriginal economy;
- Undertaking studies on the topic of: enhancing Aboriginal communities' benefits from natural resource projects; infrastructure issues in northern Aboriginal communities; and economic benefits of urban additions to reserves; and

The Board's long-term goal is to ensure that ***Aboriginal people are healthy, well-educated, economically self-sufficient and full participants in the Canadian economy.*** The priorities of the Board in 2014-2015 will be guided by this overarching goal as well as the course of direction articulated in the 2012-2015 Strategic Plan. The Board eagerly anticipates the opportunity to engage in the development of new strategic plan directions for 2015-2018 in an effort to realize our long-term vision.

I would like to extend a sincere thank you on behalf of the Board to the organizations and individuals who contributed to our work in 2013-2014. Collectively, we can make a meaningful difference in Aboriginal economic development.

Sincerely,



Chief Clarence Louie
Chairperson
National Aboriginal Economic Development Board



ABOUT THE BOARD

The National Aboriginal Economic Development Board is a Governor in Council appointed body, established on February 23, 1990, mandated to provide policy and program advice to the federal government on Aboriginal economic development.

The Board is a unique advisory body of First Nations, Inuit, and Métis business and community leaders from all regions of Canada. It plays an important role in helping the federal government develop economic policies and programs that are coordinated, accessible, and responsive to the unique needs and circumstances of Aboriginal people in Canada.

THE MEMBERS

In 2013-2014, the Board had ten members from regions across Canada. Each member contributed valuable business, community, operational, and strategic expertise to the Board's work. In 2013-2014, the Board said farewell to long time member Matthew Mukash from Kuujjuarapik, QC and welcomed two new Board members, Chief David Crate from Manitoba and Adam Fiddler from Ontario.

The Board's members are:

Chair: Chief Clarence Louie, British Columbia

Chief, Osoyoos Indian Band

Vice-Chair: Dawn Madahbee, Ontario

General Manager, Waubetek Business Development Corporation

Member-At-Large: Pita Aatami, Quebec

President, Air Inuit Ltd.

David Crate, Manitoba

Chief, Fisher River Cree Nation

Adam Fiddler, Ontario

Former Chief, Sandy Lake First Nation

Richard Francis, New Brunswick

Past Director, Economic Development, Kingsclear First Nation

John Michael Keyuk, Saskatchewan

Vice President, G. Raymond Contracting Ltd.

Chief Terrance Paul, Nova Scotia

Chief, Community of Membertou

Chief Sharon Stinson Henry, Ontario

Chief, Chippewas of Rama First Nation

James Ross, Northwest Territories

President, AuraRoss Resources Limited

OPERATIONAL ENVIRONMENT & CONTEXT

Aboriginal people in Canada have made important gains in the economy. Collectively, we are more active in the labour force, we are starting more businesses and we are earning more money than only a decade ago. However, recent data from the 2011 National Household Survey indicates that substantial gaps remain between Aboriginal people and other Canadians, including in income and labour market outcomes. The 2011 National Household Survey also confirms that Inuit and First Nation communities continue to be challenged due to significant housing issues.

There have been important developments in the resource development sector, including a larger number of Aboriginal communities pursuing strong financial participation options in major projects, including equity ownership options, as well as important changes to the operating environment such as the Tsilhqot'in decision that strengthens the legal rights of First Nations with regards to their traditional lands. The potential for Aboriginal communities to benefit from development in and around their community is stronger than ever before.

First Nations, Inuit and Métis people are unwavering in the belief that they must be involved from the outset to define the solutions that will impact their futures.

Capacity challenges for Aboriginal communities remain a significant barrier for many communities accessing benefits from and pursuing economic development. First Nations have been effectively legislated out of the mainstream economy through the imposition of laws, regulations and “Indian policies” that were developed and imposed upon First Nations without their consultation or consent. As work to address these barriers continues, concurrent work to build strength and capacity within Aboriginal communities must continue. Many First Nations communities are challenged by human resource limitations where they otherwise stand to benefit from developments in their region.

The Government of Canada is currently moving forward on a number of initiatives that have the potential for positive change in the lives of First Nations. Budget 2013 announced the Government intention to reform First Nation Income Assistance by introducing active employment measures into the program. Legislations such as the *First Nations Financial Transparency Act*, the *Family Homes on Reserves and Matrimonial Interests or Rights*, the *Safe Drinking Water for First Nations Act* and the *First Nations Control of First Nation Education Act* all have the potential to bring considerable change for communities and individuals. All these initiatives must be developed in partnership with and at the pace desired by the Aboriginal communities they impact. Aboriginal people are not afraid of changes, but First Nations, Inuit and Métis people are unwavering in the belief that they must be involved from the outset to define the solutions that will impact their futures.

THE BOARD'S PRIORITIES FOR 2012-2015

The Board has clear, multi-year priorities that are linked to the federal policy agenda and supported by ministerial direction. In 2012, the Board developed its 2012-2015 Strategic Plan with a view to establishing broad priorities to guide its work. The Board's objective is to assist the federal government's work to address the gaps between Aboriginal and non-Aboriginal Canadians.

For 2012-15, the Board has identified the following long-term priorities:

- 1. Addressing Barriers to Aboriginal Economic Development**
- 2. Increasing Aboriginal Participation in Major Projects**
- 3. Providing Relevant and Timely Advice to the Federal Government**

In a November 5, 2013 letter to Chief Clarence Louie, Chair of the Board, the Minister of Aboriginal Affairs and Northern Development Canada, set out key priorities for the Board in 2013-2014: to build on work conducted on Aboriginal participation in major projects and on barriers to economic development; and to contribute to the ongoing implementation of the Federal Framework for Aboriginal Economic Development. This request for strategic advice informed the work of the Board in the last year.

BOARD PERFORMANCE HIGHLIGHTS

Strategic Priority 1 – Addressing Barriers to Aboriginal Economic Development

Throughout 2013-2014, the Board provided a variety of recommendations on addressing barriers to economic development. The Board released a report entitled *Addressing Barriers to Economic Development on Reserve* -- Board's advice in this report focussed on four central issues: outdated and inappropriate tools for economic development; insufficient resources for economic development; bureaucracy and risk aversion of the Crown; and the absence of service standards. This report was released in April 2013 and in it the Board identified that the federal government must develop an integrated approach focusing on four priorities: (1) Strengthening the Crown-First Nations Relationship; (2) Simplifying Federal Procedures and Processes; (3) Investing in Existing and Optional Solutions; and (4) Increasing Human Capacity On-Reserve.



Given its potential impact on First Nations' communities and band owned businesses, on January 15, 2014, the Board wrote to the Minister of Aboriginal Affairs and Northern Development to convey its views on the *First Nations Financial Transparency Act* and its implementation. The Board noted its concern with the lack of full consultation with First Nation governments prior to the legislation being enacted and recommended that the federal government support First Nations in four ways with regard

to the Act: (1) minimizing the reporting burden the Act places on communities; (2) ensuring First Nations have the necessary tools to implement the Act's requirements; (3) mitigating the legislation's impact on band-owned businesses, and; (4) clarifying legitimate interests in certain legal proceedings associated with the Act.

On March 4, 2014 the Board wrote to the Minister of Aboriginal Affairs and Northern Development to provide thoughts on Aboriginal economic development issues that the Board believes merit consideration. The Board indicated that the *Federal Framework for Aboriginal Economic Development* sets out a vision where Aboriginal people in Canada "enjoy the same opportunities for employment, income and wealth creation as other Canadians". To achieve this vision, the Board believes there are a number of critical issues that require reflection, specifically: (1) Closing the Education Gap between Aboriginal and non-Aboriginal peoples; (2) Addressing Infrastructure Deficits in Aboriginal Communities; (3) Prioritizing Funding for Aboriginal Economic Development; and (4) Creating Mandatory Set Asides for Federal Procurement.

As per the Board's discussions in 2013-2014, the lack of opportunities and procurement set aside for Aboriginal businesses from the federal departments was seen as a barrier to Aboriginal economic development. Throughout the year the Board worked with Aboriginal Affairs and Northern Development to look at ways to improve the federal government's procurement practices with regard to Aboriginal businesses and mechanisms to support Aboriginal communities and businesses to take full advantage of procurement opportunities.

Another key area to address barriers to Aboriginal economic development identified by the Board is Community and Commercial Infrastructure and Services. In 2011-2012 the Board released a recommendation report on *Financing First Nations Infrastructure*. Due to the unique circumstances in Northern Aboriginal communities, the Board determined that second and separate recommendation report outlining the infrastructure needs specific to Northern communities was also needed. In 2013-2014, the Board undertook an in-depth study of infrastructure in Northern Aboriginal communities. The goal of the study is to better understand the strengths and challenges in Northern



Sub-Committee – Northern Infrastructure:

- *Pita Aatami*
- *James Ross*

infrastructure what impacts these have on economic development. A final report and accompanying recommendations on how to address infrastructure challenges in the Northern regions will be presented to the Minister by the Board in 2014-2015.

In response to the Minister's request to "examine the economic impacts of Additions to Reserve for both First Nations and for adjacent non-Aboriginal communities and provide recommendations on ways to improve economic benefits for both", the Board established a sub-committee on Additions to Reserve to guide work on this topic. The Board awarded a contract to conduct a background study on this topic. The study is being conducted in two phases: the first is a review of established urban reserves and identification of factors that led to their success; the second part is a review of established additions to reserves and correlation with the success factors identified in the first phase in order to generate suggestions on maximizing economic successes from additions to reserves. The study will inform recommendations to the Minister of Aboriginal Affairs and Northern Development Canada in 2014-2015.

KEY ACTIVITIES ON ADDRESSING BARRIERS TO ECONOMIC DEVELOPMENT

- Release of recommendations on *Addressing Barriers to Economic Development on Reserve*
- Development of phase 1 research report on *Factors Contributing to Economic and Fiscal Benefits in Urban Additions to Reserve*
- Development of research report on *Addressing the Infrastructure Needs in Northern Aboriginal Communities*
- Addressing letters to the Minister of Aboriginal Affairs and Northern Development on specific issues constituting barriers to economic development.
- Appearance before the Senate Standing Committee on Aboriginal Peoples to provide a statement on infrastructures deficits in Aboriginal communities
- Meetings with key stakeholders in Little Current (ON), Gatineau (QC) and Ottawa (ON) to address issues related to barriers to economic development

Strategic Priority 2 – Increasing Aboriginal Participation in Major Projects

In October 2012, the Board released its recommendation report on *Increasing Aboriginal Participation in Major Projects*. This report advises that federal government, in collaboration with other key partners including provincial and territorial governments and private industry, develop and implement a strategy focusing on four priority areas: (1) Connecting Aboriginal communities to Industry; (2) Strengthening the Framework for Collaboration; (3) Developing Human Capital; and (4) Promoting Information Sharing and Awareness. The report also indicated that the Board would explore further issues related to Aboriginal participation on the resource economy. To inform further recommendations on this topic, the Board established a sub-committee on Aboriginal communities' financial benefits from major projects, conducted working group meetings, as well as consulted with First Nations, Inuit and Métis groups, industry proponents, and federal and provincial departments and agencies throughout the year.

Sub-Committee – Aboriginal Participation in Major Projects:

- *John Keyuk*
- *Dawn Madahbee, Chair*
- *Chief Terrance Paul*
- *James Ross*

In January 2014, the Board awarded a research contract to a consultant to help support its work in supporting Aboriginal participation in major projects. This study reviews and provides information on institutional arrangements that support financial participation and options to strengthen capacity to support sound financial management. It also has a focus on options for equity participation by in major projects by Aboriginal communities. In 2014-2015, the Board will use this research to develop

recommendations to ensure that Aboriginal communities are best positioned to participate in the financial benefits of major resource opportunities.

In addition to the Board's work on major projects, the Board appeared in front of the House of Common Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities to provide advice on Aboriginal skills development issues, including on skills needs for Aboriginal individuals and communities to fully participate in natural resource projects.

KEY ACTIVITIES ON INCREASING ABORIGINAL PARTICIPATION IN MAJOR PROJECTS

- Development of a draft study on *Enhancing Aboriginal Communities' Financial Benefits from Resource Opportunities*
- Appearance before House of Common Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities to provide advice on Aboriginal skills development issues
- Meetings with key stakeholders in Saskatoon (SK), Little Current (ON), and Ottawa (ON).



Strategic Priority 3 – Providing Timely and Relevant Advice to the Federal Government

In June 2012, the Board released its *Aboriginal Economic Benchmarking Report*, which assembles a comprehensive group of indicators on the Aboriginal economy and establishes benchmarks in the measurement of the economic well-being of First Nations, Inuit, and Métis. As a follow up to the 2012 *Aboriginal Economic Benchmarking Report*, in June 2013, the Board released a series of four indicator reports on core indicators of the Aboriginal economy: Employment, Income, and Wealth and Well-Being. It also released a report on five underlying indicators: Education, Entrepreneurship and Business Development, Governance, Lands and Resources and Infrastructure. The Board also developed an interactive map, available on its website, which allows users to obtain data sorted by province/territory and heritage group for the three core indicators.

The Board increased its presence and participation in international and domestic fora on Aboriginal economic development. Key appearances included: a presentation to an official Australian delegation on April 5, 2013; a presentation on the Board's work at Canada's North Conference in Whitehorse, Yukon on October 18, 2013; the Indigenous Economic Partnership Summit in Lloydminster, Saskatchewan on October 21, 2013; the Aboriginal Entrepreneurship Conference and Tradeshow in Gatineau, Quebec on November 6, 2013; the Tanana Chiefs' Conference in Fairbanks, Alaska on March 11, 2014; and hot topics series on Recalibrating the Ring of Fire in Thunder Bay, Ontario, on April 10, 2014.

In 2013-2014, the Board participated in Committee appearances such as the Senate Standing Committee on Aboriginal Peoples and at the House of Common Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities. During its regular meetings, the Board was consulted by the Government of Canada on a number of issues, including on: Aboriginal procurement, mandatory reporting in the extractive sector, changes to AANDC's Addition to Reserves policy and education and Aboriginal labour market programming. The Board also participated on other advisory bodies, such as the Federal Coordinating Committee for Aboriginal Economic Development; Aboriginal Financial Institutions External Advisory Group; and the Strategic Partnerships Initiative Director General Investment Committee.

MOVING FORWARD: THE BOARD'S PRIORITIES FOR 2014-2015

In 2014-2015, the Board will continue to provide advice and recommendations to the Minister of Aboriginal Affairs and Northern Development on Aboriginal communities' benefits from major projects and economic benefits of additions to reserves. The Board's planned activities for 2014-2015 are listed below.

Addressing Barriers to Aboriginal Economic Development

- Work in collaboration with the Government of Canada to develop and implement a federal strategy to ensure that First Nations communities can fully benefit from economic opportunities springing from urban additions to reserve.
- Work in collaboration with the Government of Canada to ensure that infrastructure challenges limiting the economic development capacity of Northern Aboriginal communities are addressed.

Increasing Aboriginal Participation in Major Projects

- Work in collaboration with the Government of Canada to develop and implement a federal strategy to ensure First Nations, Inuit and Métis communities are able to maximize the financial benefits of resource opportunities, including by taking advantage of potential business opportunities.

Providing Timely and Relevant Advice to the Federal Government

- Release the first *Aboriginal Economic Benchmarking Progress Report*.
- Implement a comprehensive communication strategy to communicate the Board's recommendations to relevant stakeholder across Canada.
- Continue to hold quarterly Board meetings and participate in working groups on Aboriginal economic development.

