Toward a New Federal Framework for Aboriginal Economic Development

Discussion Guide
Minister’s Message

Since 2006, our Government has taken a number of important steps to foster Aboriginal economic development. We have strengthened the role of the National Aboriginal Economic Development Board and appointed outstanding business and community leaders. We have more than doubled the size of the Aboriginal Skills and Employment Partnerships initiative, with an investment of $105 million over 5 years. We have implemented enabling legislation in a number of areas, including commercial and industrial development on reserve, land management, oil and gas and moneys management, taxation and financial and statistical management. The Government has also merged key federal programming and expertise, by locating Aboriginal business development and community economic development programming within Indian and Northern Affairs Canada (INAC).

At the same time, we have made significant progress on a number of broader initiatives that will help ensure that Aboriginal people and communities can play a significant role in the future development of the Canadian economy and society. These include the Commercial Fisheries Initiative, the First Nations Market Housing Fund, the expansion of the Urban Aboriginal Strategy, the First Nations Water and Wastewater Action Plan, and a decisive new approach to accelerate the resolution of specific claims, to name only a few.

The time has come, however, to adopt a comprehensive new framework for Aboriginal economic development that will guide federal policy making and program development in the years to come. The framework should reflect today’s realities, opportunities and the growing capacity and self-reliance of Aboriginal peoples, business leaders, institutions and entrepreneurs.

The new framework must recognize and build on past achievements and find innovative solutions to address enduring challenges. This approach must identify those elements that have brought past success and use these to set guiding principles for the future. A comprehensive, opportunity-based plan must also be responsive to the different circumstances faced by Aboriginal peoples.

To assist in the development and implementation of a new framework we need to hear from you. Over summer 2008 my Department will engage across the country, to seek views on how the federal government can help secure the economic well-being and prosperity of Aboriginal peoples. This Discussion Guide represents the first step in this process.
I am confident that a new federal framework for Aboriginal economic development will make meaningful improvements to the lives of Aboriginal Canadians. There is much work to be done, but we are all in this together and I am confident that with your participation we can make a difference.

Chuck Strahl
Minister of Indian Affairs and Northern Development and
Federal Interlocutor for Métis and Non-Status Indians
# Table of Contents

Minister’s Message ........................................................................................................................................ 1

Budget 2008 Commitment ............................................................................................................................. 2

Why a New Federal Framework ............................................................................................................. 2

Advantage Canada ......................................................................................................................................... 4

Guiding Principles .................................................................................................................................. 5

Developing a New Framework: Context .................................................................................................... 6

Dimensions of Economic Development ...................................................................................................... 8

Questions for Discussion ........................................................................................................................ 8

Some General Questions ...................................................................................................................... 10

Engagement .................................................................................................................................................. 11

How Your Input Will Be Used .............................................................................................................. 11

How to Share Your Views ..................................................................................................................... 12

Annex A: Spending on the Aboriginal Portfolio ......... see accompanying booklet named ‘Annexes’

Annex B: Facts and Figures ...................................... see accompanying booklet named ‘Annexes’

Annex C: Government Response to the Sixth Report of the Standing Senate Committee on Aboriginal Peoples – Sharing Canada’s Prosperity – A Hand Up, Not A Hand Out see accompanying booklet named ‘Annexes’

Bibliography ................................................................................................................................................ 13
There are extraordinary economic opportunities across the country. In particular, the mining and resource sectors could provide new and historic possibilities for many Aboriginal Canadians to move out of poverty and dependency to become full participants in the labour force and the economy. The Government is committed to fostering partnerships involving the private and public sectors that help Aboriginal people get the skills and training they need to take advantage of the opportunities in the North and across Canada.

Budget 2008 takes another important step to help Aboriginal people make the most of these opportunities by committing to establish a new framework for Aboriginal economic development by the end of 2008.

The Government will work with Aboriginal groups and other stakeholders to develop a framework that will be partnership-based and opportunity-driven and that will ensure that federal investments help Aboriginal Canadians benefit from viable economic opportunities. Budget 2008 dedicates $70 million over the next two years for Aboriginal economic development measures to support the new framework.

Budget 2008

This discussion guide is intended to provide information to promote discussion during summer 2008 among Aboriginal organizations and communities, the private sector, provincial and territorial governments, and other interested stakeholders. The feedback received through this process will inform the creation of a new federal framework for Aboriginal economic development by the end of 2008.

Why a New Federal Framework?

A new federal framework for Aboriginal economic development will provide strategic direction and inform decision-making for federal policies and programs aimed at increasing the participation of Aboriginal peoples in the Canadian economy. As noted in Budget 2008, the framework will also be informed by the work on a new approach to the Aboriginal Human Resources Development Strategy, expected in 2009.
The last comprehensive, national Aboriginal economic development strategy was put in place in 1989. The Canadian Aboriginal Economic Development Strategy (CAEDS) was designed to “provide long-term employment and business opportunities to Canada’s Aboriginal citizens, by giving them the means to manage effectively their own business enterprises, economic institutions, job training and skills development.” CAEDS focused on three interconnected areas of economic activity: labour market development, business development and community development.

The economic landscape for Aboriginal Canadians has changed considerably since CAEDS was announced in 1989. The Canadian economy has expanded rapidly, outstripping the supply of skilled labour in many fields and pushing development farther into every region of the country. This economic evolution presents real opportunities on a broad scale for Aboriginal Canadians: between 2001 and 2026, more than 600,000 Aboriginal youth will come of age to enter the labour market, including more than 100,000 in each of British Columbia, Alberta, Saskatchewan, Manitoba and Ontario (Annex B offers a demographic profile of the Aboriginal population in Canada). Over the same period, rural and remote regions—where 50 percent of the Aboriginal population lives—will see over $140 billion in ongoing, planned and potential natural resource projects.

A new federal framework for Aboriginal economic development must coordinate federal actions and ensure they address the most important challenges facing the Aboriginal Canadians today. It is also an opportunity to ensure that federal priorities and actions are aligned appropriately with those of stakeholders – First Nations, Inuit and Métis people and their communities, the Aboriginal and the non-Aboriginal private sector, provinces and territories – that have an interest in Aboriginal economic development.
Advantage Canada:
A New Lens for a Federal Framework ...

In 2006, the Government of Canada released Advantage Canada: Building a Strong Economy for Canadians, a strategic, long-term economic plan designed to improve Canada’s economic prosperity today and in the future. Advantage Canada is focused on helping people and business strive for excellence, and recognizes that the Government has an important role to play in creating the right conditions for Canadians—and Canadian businesses and organizations—to thrive. The plan is designed to create new opportunities and choices for Canadians.

Advantage Canada is focused on creating five Canadian advantages that will help improve Canadians’ quality of life and succeed on the world stage: tax advantage, fiscal advantage, entrepreneurial advantage, knowledge advantage and infrastructure advantage.

Under this plan, four core principles that will guide policy decisions to improve Canadians’ quality of life and make Canada a world leader for today and future generations:

- focusing government;
- creating new opportunities and choices for people;
- investing for sustainable growth; and
- freeing businesses to grow and succeed.

Advantage Canada also recognizes that building new opportunities for Aboriginal Canadians to fully participate in the Canadian economy is the most effective way to address the socio-economic gap faced by the majority of Aboriginal Canadians.

“Advantage Canada is focused on creating five Canadian advantages that will help improve Canadians’ quality of life and succeed on the world stage: tax advantage, fiscal advantage, entrepreneurial advantage, knowledge advantage and infrastructure advantage.”
...for Aboriginal Economic Development

Guiding Principles

A new federal framework for Aboriginal economic development will be developed and implemented based on its own set of clear guiding principles, which will be consistent with the core principles of Advantage Canada. Some proposed guiding principles could define the framework as:

• **flexible**, respectful and responsive to the different conditions, gender issues, regional needs and important economic issues of First Nations, Inuit and Métis peoples;

• **opportunity-based** to enable Aboriginal peoples to assess their individual and collective assets and capacities, and realize their potential to be economically self-sufficient, focusing investments where opportunities exist;

• **market-driven**, with measurable returns on investment, and accountable and results-based to ensure the best possible outcomes for Aboriginal peoples, communities, government and industry;

• **coordinated** across all federal departments and agencies, including policy development, program design and implementation and service delivery to ensure a focused “whole-of-government” approach for maximum effectiveness;

• **partnership-based** to promote effective relationships among Aboriginal and non-Aboriginal businesses, all levels of governments and institutions, to share risks, leverage private sector capital, to share risks, and enter into joint ventures; and

• **culturally-sensitive** and environmentally sustainable to see economic development as a means of promoting and preserving Aboriginal cultures and their deep respect for the environment.
To take advantage of today’s opportunities, we need to modernize our approach to Aboriginal economic development. We are at an historic tipping point—never before have Aboriginal peoples been better positioned to participate fully in the broader Canadian and international economy. From the Osoyoos First Nation in British Columbia, which employs workers from the surrounding Okanagan region to work at its 10 business ventures, to the Membertou First Nation in Nova Scotia, which became the first ISO-certified First Nation in the country, there is a rapidly expanding number of First Nation communities, Aboriginal companies and individuals across Canada who are leading the way to economic success.

Nevertheless, major economic gaps still remain between Aboriginal and non-Aboriginal Canadians, which translate into significant differences in quality of life and life opportunities. For example, in 2006, 13.2 percent of Aboriginal people between the ages of 25 and 54 were unemployed, compared with 5.2 percent for non-Aboriginal Canadians. Business development also faces serious obstacles; for example, it is estimated that the doing business on a reserve takes four to six times longer than in adjacent areas.

To achieve meaningful improvements in these areas, we must address the persistent barriers to Aboriginal economic development. Sharing Canada’s Prosperity recently articulated a number of these barriers:
The range of differences in stages of development, opportunities and challenges facing Aboriginal people across Canada is truly extraordinary: from rural and remote locations to urban centres; from communities in the Far North accessible only by air to communities adjacent to large cities; from emerging to advanced stages of economic development. The new framework must be broad and flexible enough to respond to these wide variations.

The time has come to make Aboriginal peoples full and meaningful partners in the Canadian economy, both for the good of Aboriginal peoples and for the good of the country as a whole, for the economic success of Aboriginal Canadians benefits all Canadians. Opportunities do exist, even in the most remote communities, and wherever they exist they must be realized. Through effective partnerships with the private sector and with government, we can overcome historic economic isolation, and begin to lay the foundation for an economy that enriches the lives of all Aboriginal people. We must do this with full respect for Aboriginal cultures, and indeed as a means of promoting and preserving these cultures. We must undertake economic development in the Aboriginal spirit of respect for the environment, so that Aboriginal economic development will be sustainable development.

While these gaps in economic performance and barriers to economic development persist, they must not mask the progress that has been made: Aboriginal education levels are rising; Aboriginal employment rates in major urban centres are reaching parity with non-Aboriginal employment; Aboriginal businesses are being formed at a rapid rate, and many are succeeding and growing; important new legislation has been passed to facilitate the management of reserve land, to improve the First Nation tax base, to make possible long term debt financing by Aboriginal governments, and to enable effective regulation of reserve land for commercial and industrial purposes.

These changes call for a new framework for Aboriginal economic development. The framework must address not only the challenges of small business development and employment, but also the challenges of Aboriginal participation in major projects, the need to link the emerging Aboriginal business community to the main capital markets and the broader private sector, and the need to address some fundamental legal and regulatory barriers.

- inability to access capital;
- legislative and regulatory barriers;
- limited access to lands and resources;
- deficits in human capital;
- infrastructure deficits;
- lack of governance capacity; and
- fragmented federal approach to economic development and limited federal funding.
Dimensions of Economic Development

Aboriginal economic development can be considered within three broad dimensions: the economic base, the economic climate and economic activation.

The economic base includes land, natural resources, people and infrastructure. It provides the foundation for an economy.

Economic development will not occur unless the climate, including laws, regulations, modern governance and fiscal arrangements, permits and encourages an economy to grow.

Finally, even a strong potential economic base and the right climate need stimulus in the form of capital, know-how, planning and key partnerships.

A. The Economic Base:

- Questions for Discussion

- How can the economic potential of Aboriginal land and resources be fully assessed and realized?
- How can we ensure that Aboriginal people receive the skills and training they need to participate in the labour market?
- How can infrastructure better support investment and development?
- How could investments in people, such as education and social assistance, be better connected to economic development?
• **What can be done?**

• How could innovative approaches to infrastructure financing be developed to better leverage private investment?
• How could a demand-driven employment strategy connected to education and Aboriginal business development better facilitate economic development?
• How could there be a systematic identification of the economic potential of community assets and opportunities?

• **Questions for Discussion**

• How can linkages and partnerships be established with the private sector, especially with energy and major resource development projects?
• Are the right supports in place for labour market development? Business development? Community development?
• Do communities have the tools and supports to identify their economic potential and plan for its development?

B. The Economic Climate:
• **Questions for Discussion**

• How can we ensure that the legal environment best serves the business sector and economic activity?
• Do Aboriginal governments have the fiscal capacity to support economic development?
• Are institutional structures appropriate to, and effective in, support of economic development?

• **What can be done?**

• How could partnerships between the private sector and Aboriginal people be better facilitated?
• How could these partnerships be structured to address the duty to consult/accommodate?
• What are the main barriers to economic development in the Indian Act?
• What could be done to address these barriers?

C. Economic Activation:
• **Questions for Discussion**

• How could access to commercial capital (debt and equity) be improved?
• How could the network of Aboriginal financial institutions be strengthened to serve as the key platform for small business development?
• How could investment partnerships for major projects in the resource and energy sector be better promoted?
• How could economic development programming be reformed to emphasize pooling assets and raising levels of expertise within the Aboriginal population?
• How could new partnerships within the federal family be formed to better promote economic development?
Some General Questions

Bearing in mind the preceding considerations, a number of questions can help focus the discussions leading to creation of the new framework.

1. What specific opportunities, now and in the future, do you see for Aboriginal people and businesses to participate more fully in the Canadian economy?

   a. How can the strengths of Aboriginal people, businesses and institutions contribute to making these opportunities a reality?
   b. What investment and contribution can government and non-Aboriginal institutions and businesses make?

2. What are the barriers to the full participation of Aboriginal people, communities and businesses in these opportunities? How can these barriers best be addressed?

3. How can the federal government improve its contribution to the economic development of Aboriginal people, businesses and institutions?

4. What can Aboriginal people, businesses, institutions and leaders do to realize their role as full economic partners?

5. How can we best engage the commitment of all stakeholders to ensure that the new framework continues to evolve and reflect new economic conditions and opportunities?
Engagement: How Your Input Will Be Used

In committing to the development of a new federal framework for Aboriginal economic development, the Government of Canada also committed to engaging Aboriginal peoples and other stakeholders in its elaboration. This Discussion Guide reflects part of that commitment.

Copies of this Discussion Guide will be shared with Canada’s Aboriginal leadership, the National Aboriginal Economic Development Board, the Canadian Council for Aboriginal Business, key Aboriginal stakeholders and other potential partners, including business and professional associations and community organizations and Non-Governmental Organizations.

But we also want to hear from Aboriginal people themselves, as well as other concerned individuals with a commitment to Aboriginal prosperity and well-being. Accordingly, we have also developed and posted an e-version of the Discussion Guide on the INAC website. Other federal departments and agencies actively involved in Aboriginal economic development have also posted links to the Discussion Guide.

Over the summer, we will also participate in, and where appropriate convene, face-to-face meetings with key stakeholder groups across the country to assess their views and seek their counsel on the key elements a new federal framework for Aboriginal economic development might incorporate.

All of the inputs we obtain via these various engagement processes will be carefully synthesized. These inputs will inform the policy options that are considered in the development of a new federal framework for Aboriginal economic development.
Engagement: *How to Share Your Views*

Please forward your thoughts and ideas on what a new federal framework for Aboriginal economic development might include, bearing in mind the considerations and questions in this Guide, as well as any other comments and suggestions you have regarding the information or issues referenced in this Discussion Guide to:

**Indian and Northern Affairs Canada**
Terrasses de la Chaudière
10 Wellington, North Tower
Gatineau, Quebec
Postal Address:
Ottawa, Ontario
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You may also forward your views and comments to:

Email: [InfoPubs@ainc-inac.gc.ca](mailto:InfoPubs@ainc-inac.gc.ca)
Phone: (toll-free) **1-800-567-9604**
Fax: **1-866-817-3977**
TTY: (toll-free) **1-866-553-0554**

An e-version of this Discussion Guide, as well as additional background information and research on Aboriginal economic development, has also been posted on the Indian and Northern Affairs Canada website ([www.inac.gc.ca](http://www.inac.gc.ca)).
Bibliography:

Prior Research on Aboriginal Economic Development

Over 120 studies have been published in the past 10 years on Aboriginal economic development. These range from the Royal Commission on Aboriginal Peoples to the 2007 Senate Committee Report entitled, *Sixth Report of the Standing Senate Committee on Aboriginal Peoples – A Hand Up, Not a Hand Out*.

Bibliography


• Native Management Services. (2006). Empowering Aboriginal Women In Economic And Community Development: Results Of A National Consultation. Ohsweken, Ontario: Jamieson, M.


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