Lac des Mille Lacs First Nation

Bingwi Neyaashi Anishinaabek

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Research Report | Fall 2022

Financing Infrastructure is not a one-time grant

Nation Rebuilding Series, Volume 12

By: Larissa Yantha

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Land Acknowledgement

NPI would like to acknowledge the First Peoples on whose traditional territories we live and work. NPI is grateful for the opportunity to have our offices located on these lands and thank all the generations of people who have taken care of this land.

Our main offices:

• Thunder Bay on Robinson-Superior Treaty territory and the land is the traditional territory of the Anishnaabeg and Fort William First Nation.

• Sudbury is on the Robinson-Huron Treaty territory and the land is the traditional territory of the Atikameksheng Anishnaabeg as well as Wahnapitae First Nation.

• Kirkland Lake is on the Robison-Huron Treaty territory and the land is the traditional territory of Cree, Ojibway, and Algonquin Peoples, as well as Beaverhouse First Nation.

• Each community is home to many diverse First Nations, Inuit, and Métis Peoples.

We recognize and appreciate the historic connection that Indigenous peoples have to these territories. We support their efforts to sustain and grow their nations. We also recognize the contributions that they have made in shaping and strengthening local communities, the province and the country as a whole.

This report was made possible in part through the support of the Donner Canadian Foundation and the Northern Ontario Heritage Fund Corporation. Northern Policy Institute expresses great appreciation for their generous support but emphasizes the following: The views expressed in this report are those of the author and do not necessarily reflect the opinions of the Institute, its Board of Directors, or its supporters. Quotation with appropriate credit is permissible.

Author's calculations are based on data available at the time of publication and are therefore subject to change.

Review Editor: Dr. Robert Patrick

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Published by Northern Policy Institute
874 Tungsten St.
Thunder Bay, Ontario P7B 6T6
ISBN: 978-1-990372-36-0

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Animbiigoo Zaagi'igan Anishinaabek

Our people have been present in these lands for time immemorial. Our ancestors were strong, independent people, as we are today, who moved with the seasons throughout a large area of land around Lake Nipigon. We governed ourselves using the traditional teachings we still teach our children today. Now, our community members widely scattered throughout many communities, the majority of which are located in northwestern Ontario in and around the shores of Lake Superior. We are unified by our connection to the environment, our commitment to our traditional values, and our respect for each other.

Bingwi Neyaashi Anishinaabek

The people of Bingwi Neyaashi Anishinaabek – formerly known as Sand Point First Nation – have been occupying the southeast shores of Lake Nipigon since time immemorial. Our community is dedicated to fostering a strong cultural identify, protecting Mother Earth, and to providing equal opportunities for all. Furthermore, our community vision is to grow Bingwi Neyaashi Anishinaabek's economy and become recognized as a sustainable and supportive community where businesses succeed, members thrive, and culture is celebrated.

Lac des Mille Lacs First Nation

The community of Lac des Mille Lacs First Nation is located in Northwestern Ontario, 135 km West of Thunder Bay, and encompasses roughly 5,000 HA of Mother Nature's most spectacular beauty. Our people have held and cared for our Lands and Traditional Territories since time immemorial. To fulfill our purpose and in our journey towards our vision, we, the Lac Des Mille Lacs First Nation are committed to rebuilding a strong sense of community following a holistic approach and inclusive processes for healthy community development.

Partners

Northern Policy Analytics

Northern Policy Analytics (NPA) is a community-inspired applied policy and research consulting firm based in the Yukon and Saskatchewan. Founded by Drs. Ken Coates and Greg Finnegan in response to rapidly changing conditions and opportunities in the Canadian North, NPA recognizes that Northern and Indigenous communities often experience poorer educational outcomes, higher unemployment rates, receive fewer public goods and services, and lack the economic stability needed to optimize community well-being and quality of life. Yet these communities are often located in direct proximity to some of Canada's most valuable natural resources, resulting in both opportunity and conflict.

We address both policy and economic development issues and strive to effectively bridge the gap between Indigenous communities and settler government agencies by supporting community and economic development planning, grant writing, facilitating meetings, and by supporting entrepreneurship and the development of businesses in the region. NPA also helps communities marshal the information and resources they require to improve community and economic outcomes, while mitigating the impacts of colonialism and the over-arching resource extraction sector that dominates the regional economy.

Northern Policy Institute

Northern Policy Institute is Northern Ontario's independent, evidence-driven think tank. We perform research, analyze data, and disseminate ideas. Our mission is to enhance Northern Ontario's capacity to take the lead position on socio-economic policy that impacts our communities, our province, our country, and our world.

We believe in partnership, collaboration, communication, and cooperation. Our team seeks to do inclusive research that involves broad engagement and delivers recommendations for specific, measurable action. Our success depends on our partnerships with other entities based in or passionate about Northern Ontario.

Our permanent offices are in Thunder Bay, Sudbury, and Kirkland Lake. During the summer months we have satellite offices in other regions of Northern Ontario staffed by teams of Experience North placements. These placements are university and college students working in your community on issues important to you and your neighbours.

About the Author

Larissa Yantha

Larissa Yantha was an NOHFC policy analyst intern at Northern Policy Institute. She completed a BA in Global Studies and an MA in Religion, Culture and Global Justice at Wilfrid Laurier University. During her her time at NPI, she became interested in Indigenous capacity and innovation, immigration, and community-driven approaches to anti-racism. Larissa currently acts as the Special Projects Coordinator at the Municipality of West Nipissing where she applies her interdisciplinary knowledge and intersectional research approaches. When not buried in research, Larissa can be found in her hometown of Englehart, volunteering with local initiatives and roaming Northeastern Ontario.

Contributions by Charles Cirtwill and Dr. Martin Lefebvre.

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Executive Summary

Just as the term infrastructure is no longer confined to bricks and mortar, so to the means to finance infrastructure have become much more diverse and flexible. First Nations, like other nations, now use a combination of methods such as P3s, corporate funding, and government funding sources to build large-scale infrastructure. Some communities continue to use strictly government funding, while others have gone so far as to crowd source for major projects. Peter Ballantyne Cree Nation (PBCN) has used Treaty Land Entitlements (TLEs), legal settlements, and previous own-source revenues (OSRs) to fund several successful commercial urban reserves.

To achieve best outcomes, First Nations need to be prepared to use more than one funding model, and to make use of a variety of partners to reach their economic development goals. To make that possible, both the federal government and First Nations must make important changes.

The federal government should:

- Be prepared to deliver one-time payments to First Nations looking to start rebuilding communities.
- Facilitate the monetization by First Nations of multi-year transfers by Canada (and the provinces). This should be done through the First Nations Finance Authority wherever it is reasonable and prudent to do so.
- Improve nation-to-nation engagement to discuss solutions to funding gaps.
- Develop a comprehensive online resource to represent all funding and financing models available to First Nations along with all pertinent information.
- Reconsider the First Nation Financial Transparency Act, including who it aims to serve and its logical outcomes.

First Nations should:

- Use case-specific solutions as models for future development.
- Be prepared to make use of a hybrid funding approach where a combination of government funds, corporate funds and OSRs are used.

Introduction

The challenges for building and maintaining infrastructure to serve First Nation communities, on and off reserve, should not be underestimated. While geographical and technical challenges abound, a larger issue is often the great difficulty in securing financing arrangements. According to the National Aboriginal Economic Development Board (NAEDB), most funding mechanisms for infrastructure on First Nations reserves are from federal funding sources (Centre for the North at the Conference Board of Canada 2014). According to the World Bank, government funding is only one of the three most common financing mechanisms used to fund infrastructure projects (Work Bank Group 2016). The other two being corporate funding and project financing. Each method has its strengths and weaknesses. Being tied to only one approach is not ideal.

Government Funding

Government funding can take many forms. Design-Build-Operate projects are where an operator is paid a lump sum for construction, and they then receive an operating fee to cover the operation and maintenance of the project. Another option is for the government to use traditional procurement for construction and then choose either a private or public provider to operate and maintain the facilities or provide a service. As noted above, the federal government has multiple programs to fund infrastructure on reserves. Increasingly, the Ontario government is also getting involved in supporting joint infrastructure projects where neighbouring non-Indigenous communities partner with local First Nations.

For on reserve housing, Aboriginal Affairs and Northern Development Canada (former Ministry name[1]) provides support through three programs and initiatives (Canadian Senate 2015). The first is in the form of capital allocations for First Nations, which was introduced in 1996 to provide First Nations with targeted funding. Subsidies between $20,000 and $40,000 are allocated for renovations. The second is the Income Assistance Program where $125 million is given annually to residents to help with rent, utilities, and other shelter-related costs (Canadian Senate 2015). The third is the Ministerial Loan Guarantee Program. This works to address the restrictions on seizing land (which is the usual option off reserve that tradespeople and banks use when faced with defaulting homeowners). The program has $2.2 billion which is used to offer loan guarantees to encourage private lenders to put up the capital for home construction. One-third of on-reserve housing is financed through a Ministerial Loan Guarantee. Lastly, the AANDC provides one-time funding to help with overcrowding. Between 2009 and 2011, $400 million was allocated to address these issues (Canadian Senate 2015).

The Canadian Mortgage and Housing Corporation plays a different role in supporting First Nations. “While the AANDC operates at the community level by funding housing-related infrastructure and capacity development, CMHC delivers specific housing programs to fund the construction, renovation, and management of social housing” (Canadian Senate 2015, 10). They do this through four programs. The Loan Insurance Program On-Reserve helps band councils and First Nation members to access financing to build, purchase or renovate (Canadian Senate 2015). The On-Reserve Non-Profit Housing Program helps communities to build, purchase and renovate housing. The Residential Rehabilitation Assistance Program (RRAP) helps First Nation members to repair substandard homes to meet health and safety regulations. The home Adaptations for Seniors Independence Program (HASI) helps members pay for minor home repairs to ensure that elderly folks can stay in their homes longer.

The Northern Community Capacity Building Program, is funded by the Northern Ontario Heritage Fund Corporation (NOHFC). The NOHFC was established in 1988 to promote economic development in Ontario’s northern, western, and central regions. They wish to provide funding to projects that foster economic growth in this region. They focus on Algoma, Cochrane, Kenora, Manitoulin, Nipissing, Parry Sound, Rainy River, Sudbury, Thunder Bay and Temiskaming (NOHFC n.d.). The Northern Community Capacity Building Program is one that helps northern communities to build capacity that will enable them to support economic growth (Federation of Canadian Municipalities n.d.). It gives funding to community-based projects in the amount of $50,000, or 75 percent. Funding for regional projects do not exceed $100,000 or 75 percent. Alliances of municipalities and First Nations are encouraged to apply, making it a likely option for funding urban reserves in this region of focus (Ontario Business Grants n.d.).

The Northern Ontario Development Program (NODP) is a project funded by FedNor. FedNor is the Government of Canada’s organization that specializes in the economic development of Ontario’s northern, western, and central regions. Its programs and services support job creation and economic growth with the intention of building “a stronger Northern Ontario” (Government of Canada 2017, para.1). FedNor offers assistance to projects led by municipalities, First Nations and other organizations who wish to support economic development and self-reliance (Government of Canada 2019b). They do this by offering repayable and non-repayable contributions to projects, including those that leverage industries of; mining, forestry, tourism, agri-food, information and communications technology, renewable energy and manufacturing (Federation of Canadian Municipalities n.d.). FedNor also hires qualified people to oversee projects (Government of Canada 2019b).

[1] Ministry name changed to Indigenous and Northern Affairs Canada before it was split into two separate ministries: Crown –Indigenous Relations and Northern Affairs Canada, and Indigenous Services Canada.

The Indigenous Community Capital Grants Program (ICCGP) is intended to fund the development of community capital projects that contributes to a sustainable social base and supports the economic participation and leadership of Indigenous communities. It has funding for three stages of projects; feasibility study completion, design completion, and the construction, renovation and/or retrofitting of projects (Federation of Canadian Municipalities n.d.).

Lastly, there are a number of funding mechanisms that target projects aiming to contribute to economic development. The Aboriginal Economic Development Fund, now the Indigenous Economic Development Fund (IEDF) (Government of Ontario 2019), is sponsored by the Government of Ontario and is designed to promote economic development and improve socio-economic development outcomes for Indigenous people through grants and financing. It applies to Indigenous businesses, communities, and organizations (Federation of Canadian Municipalities n.d.). The IEDF "provides grants and financing to Indigenous entrepreneurs, businesses, communities and organizations and is designed to promote economic development and improve opportunities for Indigenous people." It funds projects that diversify Indigenous economies, increases employment, and collaborates with the private sector (Government of Ontario 2014, sec.1). In the 2019-2020 fiscal year, $8.2 million in funding was given to 26 projects and six financial institutions (Government of Ontario, 2019).

The New Relationship Fund (NRF) offers two types of funding through the Government of Ontario (Federation of Canadian Municipalities n.d.). First, there is the core consultation capacity funding, which helps First Nations to consult and engage with governments and private sector bodies about land and resources. The second is funding for enhanced capacity building which is intended to support capacity building projects that work with the government (Federation of Canadian Municipalities n.d.). The goals of the NRF are to build capacity and expertise while creating jobs, developing business partnerships, and improving overall economic opportunities (Government of Ontario 2014).

Corporate Funding

The second financing mechanism identified by the World Bank is corporate or on-balance sheet finance. In this method, the private operator may choose to accept to finance some or all of the project but decide to fund the project through corporate financing (Work Bank Group 2016). This means that the project would be financed based on the balance sheet of the private operator, rather than the project itself. This mechanism is often used in lower value projects where the cost of financing is not significant enough for a project financing mechanism, or in cases where the operator is large and wishes to fund the project from its own balance sheet. The advantage of corporate financing is that the cost of funding the private operator will likely be less than the cost of funding the project alone. It is also known to be less complicated than project finance. Unfortunately, there is an opportunity cost for corporate financing because the company may be less likely to fund or invest in other projects (Work Bank Group 2016).

On occasion, government gets involved to encourage corporate or project funding by the private sector. Either through loan guarantees (as noted above) or direct subsidies. The Aboriginal Loan Guarantee Program (ALGP) was announced in the 2009 Ontario budget and provides a guarantee for a private loan (Ontario Financing Authority n.d.). Indigenous companies are able to purchase up to 75 percent of an eligible project, to a maximum of $50 million. It is available to any company that is 100 percent Indigenous-owned and has a focus or direction toward green energy infrastructure. This program is run by the Ontario Financing Authority (OFA) and it encourages those with larger projects, or those greater than $5 million, to apply. Assistance can be somewhat limited however, as it is a $650 million program (Ontario Financing Authority n.d.). This program is praised for having stability since there is a likelihood of having an assured guarantee (Maclaren n.d.). The decrease of risk allows the lender to loan money at a lower interest rate which increases the returns to the borrower. It recognizes that Ontario's growth should not come at the expense of First Nations (Maclaren n.d.).

Project Finance

The third financing mechanism, project finance, is one of the most common and efficient financing arrangements for public-private projects (Work Bank Group 2016). It is also known as limited recourse or non-recourse financing. Project financing usually occurs with limited recourse lending to specially created project vehicles (SPVs) which have the right to carry out construction and operation of the project. Used in new build or extensive refurbishment projects, SPV is dependent on revenue streams from contracts or tariffs and only commences when the construction is complete. It can be viewed as risky because before the lenders start the project, they will want to do extensive due diligence on the viability of the project and its financial outcomes (Work Bank Group 2016).

P3s (public-private partnerships) are publicly owned and publicly controlled. They are "innovating collaborations between the public and private sector" and build public infrastructure (Hobbs 2019, 9). They are long-term, more predictable, flexible and reliable form of infrastructure funding. As opposed to other forms of funding, especially that of government funding, P3s are needs based versus per capita. In Canada, they have been around for almost 28 years and have helped bring more than 281 projects to completion, Ontario along has used P3s on 145 projects as of 2019. Many argue that P3s are a more innovative financing method that better responds to the needs of First Nations (Hobbs 2019).

Another example of an innovative approach is the Canadian Infrastructure Bank. The CIB is financing new projects that are revenue-generating and transformative in nature. They will be giving $35 billion to projects that are in the public interest with private capital partners (Hobbs 2019). The CIB has three priority areas, including public transit, green infrastructure, trade and transport. Their goal is to fill the gaps that may make it difficult for a project to go to market. They also want to establish programming that can strengthen future investments in infrastructure (Hobbs 2019).

The First Nations Infrastructure Institute is also known as a produce financing method. The First Nations Infrastructure Institute provide First Nations with the control over their own infrastructure by providing access to capital with more efficient procurement. Like other programs, it is optional and the goal is to offer shorter review processes on projects that apply for the capital. It also incentivizes innovation and focuses on lifecycle asset management (Hobbs 2019). FNII is established by the FMA and will work with other FMA institutions to support First Nations and their infrastructure assets (FNII n.d.).

First Nations Major Projects Coalition is another innovative method that wants to change the way First Nations finance their projects. In particular, the FNMPC was formed for the purpose of examining two items; how ownership of resource projects could be facilitated on their land, and how environmental practices can be improved to better meet their needs (FNMPC 2020). They do this by encouraging membership and leadership of First Nations people, and to engage with members by helping to build capacity by sharing their benefits with First Nations projects (FNMPC 2020).

Each year, the Government of Canada provides an average annual federal investment of $1.2 billion. In order to meet the infrastructure needs of Indigenous communities, a $25 billion to $30 billion investment is what is needed to mend the infrastructure gap (Hobbs 2019). Hobbs (2019) suggests that government funding falls short too frequently and that more innovating funding mechanisms, such as that of P3s, are required. They are longer term, more predictable than other modes of funding, and are far more reliable.

Own-source Revenues

Own-source revenue is the income that a First Nation raises by collecting taxes[2] and resource revenues, or by generating profits from community owned businesses. They can use this revenue to contribute to operational costs or reinvest it into other businesses, infrastructure, reserve, or community development projects. OSRs differ between First Nations and depend on a variety of factors like number of investments, type of investment (i.e. resource based or other) and their level of success. Beyond using OSRs to develop a variety of projects, they are also used to pay off project loans and debts.

According to the Government of Canada, the First Nations Fiscal Management Act (FMA) was created to enable more First Nations to develop OSRs and to borrow against them, as other Nations do. The Act was streamlined by AANDC in 2014 (Government of Canada 2016a) and it supports the strengthening of First Nation communities (Financial Management Board n.d.) by helping First Nations to participate more fully in the Canadian economy while meeting local needs (Government of Canada 2016a). The FMA provides authority beyond the Indian Act (Financial Management Board n.d.). Membership allows First Nations the authority to create financial administration laws, have control over local revenues and finance economic development.

Being scheduled to the FMA means that First Nations now have access to all services including the First Nations Financial Management Board (FMB), the First Nations Finance Authority (FNFA) and the First Nations Tax Commission (FNTC). These programs can help vouch that a First Nation has good governance and healthy financial practices, streamlining First Nations that wish to collect loans from the FMA (Financial Management Board n.d.). More simply, the FMB is the certification component, the First Nations Finance Authority is the body who provides the financing, and the FNTC collects property tax on reserve lands. But the First Nation must obtain a Financial Performance Certification with FMA before they can become borrowing members of the FMA (email to Assistant of the FNFMB, January 7, 2021).

[2] Such as commercial leasing (Government of Canada 2021).

Monetization

It is estimated that the First Nations infrastructure gap in Canada is between $25 to $30 billion, although some experts cite even higher (CCPPP 2016, 3). For Ontario, the Ontario First Nations Technical Services Corporation cites the gap at nearly $9 billion over a 20-year period with an annual gap of around $500 million (ibid 2016, 4).

There is a growing consensus that overcoming this social, economic, and infrastructure gap for First Nations requires access to private capital markets (e.g., Colin and Rice, 2019). As will be discussed later in this piece there are many ways for individual First Nations to access capital markets including commercial borrowing and public-private partnerships. Another method that is growing in popularity is monetization.

Monetization is neither a new nor a particularly complex concept. Anyone who has used a mortgage to purchase a house, or secured a loan to buy a car, has "monetized" their future income. Turning your projected future earnings into cash up front to buy a large ticket item which, otherwise, you would have had to save years, or even decades, to afford. Canadian municipalities do this in reverse, building sinking funds by setting aside a portion of current revenues to offset future expected spending.

The expanded use of monetization and other changes in the economic landscape are making a difference. A report by the Macdonald-Laurier Institute found that between 2003 and 2013, market capital-at-work more than doubled for First Nations and Inuit businesses - $2.3 billion to $5.9 billion (ibid, 2019). The authors also found that there was a drop in non-market capital (e.g. grants and contributions) between this timeframe (52.1 to 35.5 per cent) and assisted market capital grew slightly (8.5 to 10.7 per cent). Market capital stood at 53.8 per cent in 2013 (ibid, 2019).

The First Nations Finance Authority (FNFA) is one of the leading proponents for the expanded use of monetization. (Daniels, 2022) Given the success the FNFA has had in using monetization, this is not surprising. The FNFA has used monetization of future own source revenue very effectively to expand First Nations access to private capital. Helping many First Nations fund projects that otherwise would have waited years before being constructed, if at all.

In the context of investments that will generate future own source revenue, the success of monetization is fairly easy to measure. Monetization is a success where the funded project:

a) generates new own source revenue sufficient to cover not only the debt servicing costs (principal and interest) but new revenues to either finance new services, reduce other debt, or finance other priorities for that First Nation.

b) generates new own source revenue sufficient to cover just the debt servicing costs.

c) generates new own source revenue that is not sufficient to cover the debt servicing costs but delivers savings in other programs (through reduced usage of programs, or increased efficiencies) sufficient to cover the shortfall.

Where monetization allows for the delivery of a new program, service, or facility today (instead of a decade from now) it could also be considered a success. Even if the investment does not deliver sufficient funds to cover the debt servicing costs and does not deliver savings in other programs sufficient to cover the shortfall. Of course, that will depend on the size of the funding gap and from where the shortfall is drawn. Only where the monetized funds are invested in a project that delivers insufficient growth in own source revenue, lower than expected community benefits, and draws resources away from other, higher, community priorities, can this approach of "spending more today for a better tomorrow" "fail" in any true sense of the word.

Where monetization becomes a less certain tool is in the monetization of multi-year financial transfers from Canada to a First Nation. At present, Canada uses a pay-as-you-go approach to investments in First Nations infrastructure. This means Canada sets an annual budget and a certain amount of money is allocated each year toward First Nations infrastructure. As such, First Nations with infrastructure projects are, collectively, only spending that annual amount (assuming your project gets approved). If you don't make the list this year, you generally submit your project the following year, or the year after that.

Recall we are talking about a gap in the $25 billion range. Small incremental investments may never close the gap as the impacts of substandard water, wastewater, and other basic services have compounding negative affects in other areas. Thus, drawing resources and focus away from filling the basic infrastructure gap. That said, there is also a benefit to the annual approach in that crises that are not foreseen today may be all too clear tomorrow. Being able to tap into a pool of funds on an annual basis does build flexibility into the model that may not be available where future Canadian funds are locked into servicing existing debt that is funding projects already underway. It is not unreasonable to expect, however, that Canadian transfers and payments will continue to rise, and that Canada would balance both current spending and future spending growth across multiple models (monetization and pay-as-you-go) to ensure maximum flexibility in meeting treaty obligations.

The argument for the increased use of monetization is that it can fill the infrastructure gap sooner (if not immediately) using private capital while placing a manageable burden on the financial capacity of Canada and its First Nation partners. In a 2020 op-ed for the Globe and Mail Ernie Daniels, President and CEO of the FNFA, described the concept in this way:

"For example, a 20-year annual federal commitment of $10-million could generate $180- million of critical infrastructure now to improve the health and well-being of First Nations communities, with the economic stimulus also benefiting all Canadians.

$100-million in annual funding over that same 20-year timeline could build 7,500 new homes, with construction beginning as early as next spring. This would have a huge impact given that a recent study showed 118,500 Indigenous households were living in substandard housing. It would also create at least 15,000 jobs over the period." (Daniels, 2020)

Monetization does, however, come with added costs when compared to pay-as-you-go. Monetization, for example, requires borrowing. That means paying interest on the borrowed funds. A cost that does not exist in the pay-as-you-go model.

Table 1 demonstrates just how significant a cost interest can be, even when offset by regular payments into a sinking fund reserve (for clarity, these would be the annual payments made by Canada into the sinking fund held by FNFA that are monetized into the larger sum up front).

Table: 1

Scenario	Loan Amount	Interest	Interest on Loan	Sinking Fund Rate	Return on Sinking Fund	Net Interest Paid to Service Loan
Pay-Go	$0	0%	$0	0%	$0	$0
Scenario 1	$1,734,000,000.00	1.00%	$346,800,000.00	0.75%	$124,897,260.00	$221,902,740.00
Scenario 2	$1,188,394,678.00	4.50%	$1,069,555,210.20	2.25%	$234,302,224.00	$835,252,986.20

Worse, the higher interest rates reach, the larger the gap becomes between pay-as-you-go and monetization in terms of infrastructure actually delivered. Consider the results in Table 2 versus those in Table 3.

Table 2 assumes the market conditions in place at the time of Ernie Daniels 2020 Globe article: a new house costing $240,000 to build, borrowing costs at 1 percent and the payments put in a sinking funds escrow account to pay the investors yielding 0.75 percent per year. In that scenario monetization is the clear winner.

Table 3, however, uses a 4.5% interest rate on borrowed funds, and a 2.5% rate of return on sinking funds. Rates advertised by FNFA as of June 29th, 2022. In this scenario we can see that monetization leads to a smaller increase in overall housing stock at the end of the program compared to Pay-as-you-go. Even with inflation lowering the total number of houses built per year from 416 in the first year to 286 houses in the 20th year.

Table 2: Housing Units Completed in Scenario 1 - Monetized Versus Pay-as-you-go

Year	Pay-as-you-go	Monetization
1	416	7,500
2	408	0
3	400	0
4	392	0
5	384	0
6	377	0
7	369	0
8	362	0
9	355	0
10	348	0
11	341	0
12	335	0
13	328	0
14	322	0
15	315	0
16	309	0
17	303	0
18	297	0
19	291	0
20	286	0
Total	**6,938**	**7,500**

Assumptions: Total number of houses built over a 20-year program with funding of 100 million dollars per year assuming borrowing costs of 1 percent per year, savings rate of 0.75 precent and 2 percent inflation.

Table 3: Housing Units Completed in Scenario 2 - Monetized Versus Pay-as-you-go

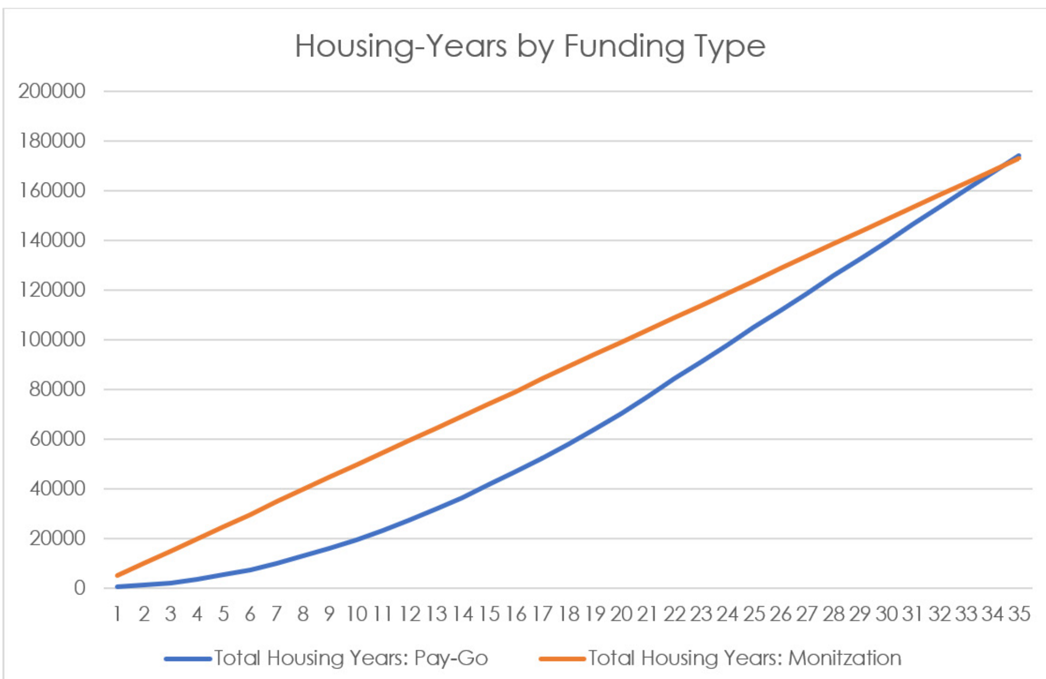
Year	Pay-as-you-go	Monetization
1	416	4,951
2	408	0
3	400	0
4	392	0
5	384	0
6	377	0
7	369	0
8	362	0
9	355	0
10	348	0
11	341	0
12	335	0
13	328	0
14	322	0
15	315	0
16	309	0
17	303	0
18	297	0
19	291	0
20	286	0
Total	**6,938**	**4,951**

Assumptions: Total number of houses built over a 20-year program with funding of 100 million dollars per year assuming borrowing costs of 4.5 percent per year, savings rate of 2.5 precent and 2 percent inflation.

Inflation can have other detrimental impacts as well. The more construction that occurs over a shorter period, the higher the per-unit cost will be. Especially in areas where construction services and materials are already scarce. The higher the per unit cost, the fewer homes (or water pipes, or water treatment facilities, or green energy facilities) that can be built with that huge influx of monetized cash. There are ways to mitigate this impact of course. Simultaneous investment in job training and subsidies for new construction firms. Spending funds over a 2–5-year window as opposed to a 1–3-year window (which is still far better than a 10–50-year window). But, regardless, the per unit cost where more money is being spent today will be higher than a model where the spending is spread over an extended period.

Regardless of the number of homes (or other form of infrastructure) being built, however, there is no argument that monetization delivers faster. This early completion does have benefits. Continuing with the housing example for a moment, Figure 1 illustrates that more people are housed earlier, and so housed longer, under a monetization scenario than under a pay-as-you go scenario. The gap between the lines is the size of the benefit of monetization measured in total years with housing. It should be noted that Figure 1 uses the less favourable interest rates of 2022. If rates return to those of 2020, the gap in housing years actually goes up and the benefits of monetization become even more pronounced.

Figure 1: Housing Units Completed in Scenario 1 - Monetized Versus Pay-as-you-go



Assumptions: Total number of years of occupation for houses built over a 20-year program with funding of 100 million dollars per year assuming borrowing costs of 4.5 percent per year, savings rate of 2.5 precent and 2 percent inflation

Where monetization is done through the FNFA there are several other benefits that should also be considered. The FNFA works with its partner First Nations to enhance local financial governance capacity and improve local financial management. The assets that are developed through the process act as security and provide a level of financial discipline that is generally not found in the pay-as-you-go model. The FNFA can also contractually obligate its partners to maintain the assets over the life of the agreement, meaning the new assets will last longer and the accrued benefits will be larger. (Daniels, 2020)

Finally, the FNFA does get paid for its services and so the pool of funds the FNFA has available to support future commercial projects will grow. Meaning the benefits outlined by Colin and Rice (2019) will also continue to expand. With prosperity comes self-sufficiency and with self-sufficiency comes true autonomy.

Using Commercial Development as a Funding Mechanism

Peter Ballantyne Cree Nation (PBCN) has several reserves and communities that are located in Northern Saskatchewan. Their first urban reserve is called Chief Joseph Custer Reserve IR #201 and this project was started in 1978. At the time, the City of Prince Albert had a 16.64 hectare parcel of land which was located across from Victoria Hospital, on 10 Avenue West (Centre for the North at the Conference Board of Canada 2015). PBCN first expressed interest in purchasing the parcel and was successful in obtaining the land through an Addition to Reserve (ATR). Unfortunately, the drafted municipal service agreements were rejected in 1980 and 1981. On August 2, 1982 the Order of Council went ahead and granted the reserve despite jurisdictional issues and the lack of finalized municipal services agreement.

In 1995, PBCN purchased a second parcel of land, just south of the original reserve. This time, the city of Prince Albert and PBCN were able to come to an agreement on municipal services and signed a Memorandum of Understanding (MOU) on both plots. On February 6, 2003 the Order in Council added the second plot to the existing urban reserve under the AANDC's ATR Policy. The process for creating this total urban reserve took a little over seven years (CNCBC 2015).

The land that was purchased for the reserve addition (and what eventually became an urban reserve) was the result of strategic planning by PBCN, the use of Canada's ATR policies, prior funds from a large settlement (AFOA 2016) and Band funds. However, it was the land's new purpose that makes this an interesting case for being an innovative funding method. PBCN's new lands, as stated above, are located near Victoria Hospital, which happens to be a busy part of town. They took their new parcel across from the hospital, and turned it into a commercial park (CNCBC 2015). Today, you will find the building populated with Band offices, Peter Ballantyne Health Services, education facilities, offices, a fitness center and commercial retail spaces.

The other smaller parcel remains undeveloped but it is expected that it will be used for institutional purposes. This second lot, was purchased through OSRs that came from the development of the commercial park. Both lands are managed by PBCN under the land management section of the Indian Act. Both have a 99 year land designation which means long-term leaseholds and sub-leases are possible on both plots (CNCBC 2015). This can contribute to increasing fiscal and economic benefits for PBCN. For now, PBCN's revenue from the business park is being reinvested into other Band needs such as infrastructure and community developments (CNCBC 2015).

Apart from being able to reinvest into new-build infrastructure, there are many fiscal and economic benefits from this commercial development that are experienced by both PBCN members, as well as the City of Prince Albert (see Table 1 in the Appendix). The ongoing employment generated on Chief Joseph Custer IR #201 is 309 jobs (CNCBC 2015). There have also been a number of temporary jobs as a result of construction on buildings. PBCN has also chosen to have a Liquor Consumption Tax Administration Agreement with the Province of Saskatchewan. This replaces the provincial liquor consumption tax and allows the First Nation to tax alcohol purchases at a rate of 10 percent. This urban reserve has also prompted an increase of spending in the city at an estimated $2.3 million each year. Should the PBCN wish to increase its revenues, it could opt to collect property tax or First Nations Goods and Services Tax (FNGST). These revenues can and have all been reinvested into further PBCN endeavors (CNCBC 2015).

Commercial developments can offer a nontraditional funding pathway for First Nations. They have a list of benefits, both fiscal and economic in nature, which can be used to support the further development of First Nations reserves or development of much needed infrastructure in their communities. PBCN continued to reinvest their OSRs from their initial commercial park into other urban reserves. In 2001, Northern Lights IR #220 was finalized. It went on to have a 46,500 square foot casino with 525 slot machines and 11 gaming tables (CNCBC 2015). Kistapinanihk #231 was another, smaller project that was finalized in 2005. PBCN partnered with Petro Canada who placed a gas station and convenience store on the land. Lastly, Chief Philip Morin IR #232 was a 0.23 hectare parcel that was finalized in 2012 (CNCBC 2015). Another Petro Canada gas station was already operating on that land when the ATR was established, and so PBCN added this business to their now burgeoning investment portfolio.

Apart from the initial cost of the first plot of land, which was purchased using a $62.4 million settlement (AFOA 2016), PBCN independently funded ongoing developments, projects, and land purchases using the OSRs they produced from their first commercial development. Strategic ATRs and careful investment using either settlement funds, Band funds, or even government funds, can result in generating revenue that can be reinvested into any other project the First Nation wishes. This is an important lesson for new-build communities or those looking to expand, maintain or replace existing capacity.

Muskeg Lake Cree Nation (MLCN) has also attempted similar strategies with funding developments. Their Treaty Land Entitlement (TLE) agreements led to the creation of McKnight Commercial Center and a Petro-Canada gas station. Kahkewistahaw First Nation (KFN) used an ATR to build a casino, hotel and gas station. Piapot First Nation used a Specific Claim Settlement Agreement and they built a gas station as well. Lastly, Long Plain First Nation (LPFN) used a TLE and settlement to purchase a hydro building and replace it with an Indigenous college (CNCBC 2015). All of these projects have given the Bands additional OSRs that are being used for further projects (CNCBC 2015).

Using a Hybrid Approach for Funding Infrastructure Projects

Kiashke Zaaging Anishinaabek (KZA), also referred to as Gull Bay First Nation (GBFN), is located on the shores of Lake Nipigon in Northwestern Ontario, and has an on-reserve population of approximately 300 people. It has also experienced a devastating history of colonial relations. Between 1918 and 1950, a series of waterfalls and dams were built down-stream from the community. Rising waters due to the construction of dams had decimated burial grounds, traditional homes and buildings on the First Nation. To make matters worse, the hydroelectric projects opted not to connect GBFN to the grid. The Nipigon River, for example, generates power for almost 300,000 homes, none of which belong to the First Nation. It was not deemed economic to add a transmission line and so GBFN was forced to rely on diesel as a power source (Concordia University/CTV Montreal n.d.).

In 2018, Ontario Power Generation (OPG) announced that the GBFN was partnering with them to co-develop a community, solar micro-grid. This technology is a micro-grid that uses solar, battery storage and automated control (Esquega 2019). It connects with the existing Hydro One remote diesel generating system to provide clean solar power and offsets the diesel that would have been used (Gull Bay First Nation n.d.). This P3's non-Indigenous, private partner was OPG, which is the largest electricity generator in Ontario, and one of the most diverse generators on the continent (Gull Bay First Nation n.d.).

GBFN's partnership with OPG is the result of a P3. They joined for a long-term partnership and to share the funding of the $9 million project (Baird and Podlasly 2020). Due to the expense and size of the project, many actors and funders were required. The development of the project was coordinated through an Indigenous Clean Energy Planning (ICEP) process which was directed by GBFN, with support of the Mashkawiziiwin Energy Projects Team and Lumos Energy. They hired Alltrade Industrial to be the general contractor (Gull Bay First Nation n.d.). OPG was a primary contributor to funding the project, leaving GBFN to find a series of external funders for the project. (It is unclear if and to what extent, Band funds were contributed). GBFN was able to gain access to a variety of funders beyond the help of OPG, including funding from both the federal and provincial government. The majority of government funds came from the Ontario Smart Grid Fund, the Northern Ontario Heritage Fund Corporation (NOHFC), Energy Partnerships Program and LDC Tomorrow Fund (Gull Bay First Nation n.d.). Today, the Ma'iingan Development LP (MDLP), which is GBFN's development corporation, is responsible for the ongoing operation and maintenance of the project (Esquega 2019).

This project and choice of funding mechanism has had many benefits for GBFN (see Table 2 in the Appendix). First, this micro-grid project is Canada's first fully integrated remote renewable energy storage micro-grid (Gull Bay First Nation n.d.). It was able to successfully connect the GBFN to a more sustainable power source. This has led to the reduction of 110,000 liters, or a 25 percent cut, to the amount of diesel fuel burned in this community each year. The micro-grid has a life span of 20 years which lends two decades of revenue to the First Nations, along with valuable business experience, and a possibility for expansion to the system to add more renewable energy sources later on (Gull Bay First Nation n.d.). It has also resulted in local economic benefits, strengthened partnerships among Indigenous and non-Indigenous groups, and will turn into a fully Indigenous-owned and operated micro-grid (Government of Canada 2019a).

Another community that has effectively used the P3 model is Tsawwassen First Nation (TFN). Located in the Greater Vancouver Area, on the Lower Mainland of British Columbia. TFN is made up of approximately 480 people, half of which are estimated to live on TFN lands (Bennet 2016). TFN is located at a transportation intersection amongst the Tsawwassen ferry terminal, the Deltaport container terminal, several rail lines, and the South Frazer Perimeter Road (Bennet 2016). This location made it possible for TFN to invest in a multitude of infrastructure projects, including $1 billion in industrial, commercial and residential developments (Baker 2016). Following the successful outcome of several infrastructure projects, TFN took advantage of its strategic location to build a wastewater (sewage) treatment plant (Baird and Podlasly 2020). In 2016, the wastewater treatment plant was completed. It was designed for an average flow of 4500 cubic meters with a maximum daily of 8,100 cubic meters of waste (Maple Reinders n.d.). This project was needed for supporting the previous and future infrastructure development on TFN land.

TFN financed the project using a P3, and supported its half of the fundraising using a variety of methods. The TFN used their treaty rights to obtain the land, in addition to the hunting, fishing and harvesting rights (Bennet 2016). Their private partners, who helped to develop and fund their contribution of the project, was Maple Reinders Inc., who hired Associated Engineering for their technical expertise (Associated Engineering 2021). TFN's funding contribution came from conventional bank loans and a grant from the First Nation Finance Authority in the amount of $15 million (Baird and Podlasly 2020). To recall, the First Nation Finance Authority is a service that becomes accessible once First Nations become members of the Fiscal Management Act (FMA) (Government of Canada 2016a). It is a non-profit corporation that is First Nations-owned and controlled (FNFA n.d.). It mimics other government borrowing authorities by having low loan rates, but it has a variety of short- and long-term financing options that benefit a myriad of projects (FNFA n.d.).

In addition to the use of the FNFA, TFN required the federal government to reallocate land to the First Nation. In Canada's federal Infrastructure Stimulus Fund of 2012, $1.36 million was paid to TFN for sewage treatment facilities and upgrades. TFN was the only First Nation in Canada to receive funding through the IFS. The IFS is a part of Canada's national Economic Action Plan, where only provincial and municipal governments were eligible for application (TFN Final Agreement 2012).

There were four key benefits that came as a result of this project and its choices for funding (see Table 3 in the Appendix). The completed project was key to opening more than $2.5 billion of economic development that would go towards closing economic and infrastructure gaps for First Nations in British Columbia (Baird and Podlasly 2020). TFN also generated significant own-source revenue. In 2019, the TFN generated $9.1 million surplus and had a cash balance of more than $73 million on its books (Baird and Podlasly 2020). The tax base is also being built up as a result of the development. According to Chief Bryce Williams, "We started at $600,000 (in 2009-2010), and we're up to just over $5 million (in 2016) and that's going to continue to grow" (qtd in Bennet 2016). From the revenue generated through the plant, along with the property taxes, development cost charges and leasing revenues of all of its projects in south Vancouver, the project loans are expected to be paid off soon and any additional revenue will be directed to future projects (Baird and Podlasly 2020). Lastly, it is expected that the wastewater plant will generate significant ongoing employment for TFN members and non-Indigenous people.

These two case studies point to the success and drawbacks of P3 partnerships as a funding mechanism. P3s tend to be most successful for larger scale infrastructure projects, but in almost all cases they require a collaboration between Indigenous and non-Indigenous actors. This division of responsibility can be stressful and time consuming. P3s can also be troublesome depending on the partnership. GBFN's project, and not featured in this report, the Alberta PowerLine (APL) and East-West Transmission Line (EWT), were all P3s that featured a partnership between multiple First Nations communities and private partners. All of these partnerships were conducted in a way that gave the private partners (OPG, ATCO, Quanta Services, and NextBridge Infrastructure) the upper hand. In these examples, the private partners owned the entire equity stake of the project at the beginning, and sold part or all of the equity back to the First Nations upon completion (Osler and Morrison 2019; McNaughton 2019; NextBridge Infrastructure 2020). Had the partnership hit a rough patch, this could have led to difficult legal challenges and fractures to an already complicated relationship between private corporations and First Nations communities.

There is also something to be said about the government's hand in these matters. The use of P3s, depending on the extent to which the government offers support in these funding endeavors, could argue that government responsibility is being absolved. This is true to an extent. In the case of GBFN, government funding options were rather insignificant. In fact, many P3s are a result of communities and corporations attempting to bypass some of the complexities that come with reliance on government funding, or simply were unable to gain access to enough government funding. In the second case study though, TFN had a rather sizable donation from government sources. What it comes down to is weighing the pros and cons of each funding mechanism, considering the various funders, and the desired outcomes of First Nations' projects. Regardless, it may be in the First Nations' best interest to look to funding options that include a variety of options in one. This is very much what some P3s have attempted to do. They shared the responsibility and accountability, something of which was once not present.

Using Government Programs and Funding for Smaller Scale Infrastructure

Lennox Island is a Mi'kmaq First Nations band government with 450 residents. It is located on Prince Edward Island, about 100 kilometers Northwest of Charlottetown. Lennox Island was one community that received funding through the NCBR. In 2006, this community received just short of $30,000 with additional monetary support from Health Canada's Aboriginal Head Start and the Aboriginal Human Resources Development Agreement (AHDRA) (Indigenous and Northern Affairs Canada 2007). The funding went to providing community services to parents with children. This particular community found it difficult for parents to balance maintaining of employment with child rearing and so the funding went to building the Lennox Island Community Day Care Centre (Indigenous and Northern Affairs Canada 2007). This particular NCBR usage was helpful in ensuring that the well-being of both parents and children, were made a priority and has since become a pillar within the community. It makes for a helpful case study because it demonstrates how small projects can be 100 percent funded by government funding programs.

Samson Cree Nation (SCN) is another community that benefited from the NCBR. Samson Cree Nation is a Treaty 6 First Nation, located less than 100 kilometers south of Edmonton, Alberta. SCN did not have close-in-proximity access to prenatal services. The NCBR, in conjunction with Health Canada, provided the community $550,000 (Indigenous and Northern Affairs Canada 2007). The objective of this funding was to limit the travel required by new parents by offering an on-reserve service that would help support young families. This small facility now offers parenting classes, nutrition coupons, information sessions, transportation options for parents in need of external services, and Fetal Alcohol Spectrum Disorder (FASD) awareness programs (Indigenous and Northern Affairs Canada 2007).

While this fund is focused on child poverty, it provides a useful option for First Nations looking to commit to new-build communities. The NCBR has many benefits, including that it is quite broad in scope, and flexible on the initiatives that it funds. This makes it ideal for supporting the various smaller scale infrastructure projects needed to create sustainable and healthy new-build communities. Both of the above examples of communities that benefited from the NCBR were not new-build, however they identified a gap in their current services and infrastructure, and used the NCBR to fill that need.

The NCBR's dedication to solving and preventing issues around poverty in families is also helpful because there are many infrastructure needs that would need to be fulfilled in new-builds, but may not be as easily funded by other government and non-government funding options. Day care, for example, is a form of social infrastructure that may be overlooked in reports and papers, but are fundamental in ensuring that the other infrastructure and community elements in new-builds, are successful. Census data has revealed that First Nations, Métis and Inuit (FNMI) people are young in age and growing. Since 2006, the population of Indigenous people has grown 42.5 percent, which is more than four times the growth rate of the non-Indigenous population (Statistics Canada 2017). This funding improves the well-being of communities and young people which allows this growing population of parents and their children both to participate more fully in the social, economic, and cultural aspects of the community (Indigenous and Northern Affairs Canada 2007). This particular funding option demonstrates that while government funds may be viewed as more traditional in nature, there are smaller infrastructure projects on new-build communities that could benefit from it.

Using the "Crowd" To Fund Community Infrastructure Projects

Crowdfunding is a financing vehicle that has gained popularity in Europe, and more recently, North America. In the United States, entrepreneurs and new businesses have been using crowdfunding as a way to fund their business ideas and prototypes. The popularity, and subsequently the increase of media attention around it, has created an emerging crowdfunding opportunity in Canada[3] (Nordicity 2012).

Crowdfunding is "the raising of funds through the collection of small contributions from the general public (known as the crowd) using the Internet and social media" (Nordicity 2012, 4). This comes from crowdsourcing which is where one person or project seeks small contributions from multiple parties. Although most people are aware of the use of crowdfunding in the technology and media industries, it was the nonprofit sector that was the first to use the method. In the United States, the two most notable examples of crowdfunding outcomes were that of the Hurricane Katrina disaster relief campaign and Obama's first term election campaign (Nordicity 2012).

There are three core models for crowdfunding.

1. The Donation Model: Often referred to as micro-patronage, this is where individuals make a financial contribution to the recipient without an expectation of return.

2. The Lending Model: This is similar to loan scenarios where individuals loan money to a project or person with the expectation that it will be repaid. This can be in the form of a repayment of money or pre-sale access to a product.

3. The Investment Model: This is an option by which those who help to finance the project or person, receives an equity return.

In New York City, there are a number of abandoned subway tunnels and stations. In September of 2011, project cofounders James Ramsey and Dan Barasch pitched their idea to the local community board. They wanted to turn one of the larger abandoned stations and train-turnaround areas into the first ever, underground park (Global Infrastructure Hub 2020). Unfortunately, the government of New York City would not fund the project without proof of concept because the investment was perceived as risky. But, the assessment would cost $100,000 USD and the government did not want taxpayers to have to foot the bill in the event that the results were not positive.

The project leaders decided to launch a crowdfunding campaign on Kickstarter. Using a part donation, part lending model, the campaign raised $155,000 USD over two months. Project backers were rewarded based on the contributions they pledged. For example, pledges over $5,000 USD would earn them a light terrarium in the park. This money was used to finance a full-scale model of the technology required to light the park, as well as build an accompanying green park in an abandoned warehouse above the intended site of the underground portion (Global Infrastructure Hub 2020).

Within the first two weeks of the model being opened, 11,000 people visited, which offered adequate proof of concept that the City required. In June of 2016, the government of New York City gave their support for the underground park. They gave $80 million USD to the project extension. The founders say that the project was about turning "a forgotten piece of real estate into a magical public space" (0:12s Lowline n.d.). The project has since won awards in engineering, landscape, design and lighting. It is due to open in 2021 (Lowline n.d.).

[3] According to the Canada Media Fund, there are nearly 30 crowdfunding platforms that are accessible to Canadians (Canada Media Fund n.d.).

New York City's Lowline is just one of many successful crowdfunding campaigns that helped fund projects when government funding and support fell short. In 2013, a hole in Tennessee's budget came up which was going to prevent $75,000 USD in much needed bike lanes from being installed in Memphis. Community leaders in Memphis knew that funding and grants through the government were not coming, and rather than delaying their project further by submitting applications to other funders, they attempted crowdfunding. They used Ioby (another crowdfunding platform) to fund The Hampline- a public space project that uses bike lanes to connect many of the city's popular neighborhoods and amenities (Dale 2014). Cities across the globe have also made use of crowdfunding for civic projects. Rooftop vegetable gardens, pedestrian bridges, city street waterslides, pianos on sidewalks, solar panels, art installations, community centers, swimming pools and community gardens have all been examples of fully crowdfunded projects (Micheal and Goodinson 2014).

Although First Nations have presumably not yet experienced the boost of crowdfunding campaigns for infrastructure projects specifically, they have reaped the benefits in other ways. On Chuffed, a Canadian crowdfunding platform, there is an "Indigenous" section where fundraising takes place for Indigenous causes. There have been several campaigns to raise funds for legal services to protect those working in the raids on Wet'suwet'en lands. In one campaign, $700 in funds went to the legal defense fund, and more than $13,000 was raised in 2015 alone (Chuffed n.d.).

For First Nations who are looking to create new-build communities crowdfunding approach may offer a new, innovative funding model. Crowdfunding has proven to be a successful funding method, in particular for pilot projects, and has many benefits. This funding method promotes and gauges citizen engagement simultaneously. Strong financial support is an indicator that a project is publicly supported. This can lead to convincing government to buy in and support as well (Global Infrastructure Hub 2020). It has also reduced the barriers for project leaders needing funding, and those wanting to donate. It encourages average people who want to invest and participate in community-level change to do so (Nordicity 2012). Crowdfunding, Dale (2014) says, is a way to democratize the process of giving. It allows people to give to projects they feel are important but may not be deemed important enough in government budgets.

While crowdfunding initiatives that result in underground parks and bike lanes may not be the type of basic infrastructure that would be envisioned in the beginning stages of a rural, new-build community, community infrastructure is something that should be sought after over the long term. Parks and other infrastructure benefit the community by bringing people together and offer opportunities for culture sharing and education.

Crowdfunding has the ability to keep doors open, propel project planning, and offers alternatives to the common funding structures in Canada. First Nations could use this method also to garner public support, buy time to negotiate with government and other partners, and seek out additional funding opportunities (Pearson 2015).

Challenges and Concerns for Financing Projects

Baird and Podlasly (2020) say that there are six key factors behind the slow progress on Indigenous-focused infrastructure; financing, capacity, scale, policy limitations, jurisdiction and project timelines. First Nations have continuously pointed to poor access and information on financing options for construction and maintenance, leaving many First Nations to handle both on their own, and sans government. The scale of the projects, especially those of energy infrastructure projects, makes it difficult to secure enough funding and prevent Bands from having to pay out of pocket (Baird and Podlasly 2020). Some Bands have other forms of OSRs that they are able to reinvest, but First Nations attempting a large project for the first time are often left out in the cold. They are forced to rely on OSRs, something that they do not always have.

Policy limitations are another dominant issue that affects access to project funding (Baird and Podlasly 2020). Federal policy is set up in a way that largely supports on-reserve community projects only. Projects that support economic development often fall outside of these parameters. Garcea (2004) also recognized that many First Nations have a lack of fiscal capacity. Meaning, First Nations may favour the idea of infrastructure projects or new-build communities, but are unlikely to have the prerequisite financial resources to purchase land and develop infrastructure.

Changing the Funding Game: Recommendations

The reality is that First Nations have many options for funding. But when there are so many hurdles to gaining access to the funding, it leaves First Nations to rely on OSRs, time and time again. And, as is evident in many of the case studies, OSRs are only generated after initial projects are completed. The growth of the Indigenous population as well as the gap between Indigenous and non-Indigenous populations calls for timely action and support to minimize challenges that prevent effective project organizing. This leads to the following recommendations that will help First Nations to access funding more readily.

The federal government must make long-term strides to move toward multi-year funding models to minimize reporting hurdles.

Scholars and those in the field have made some interesting recommendations on how community actors might improve the quality and access to funding options for First Nations. It starts with government. McKay and McCartney (2018) recognized a considerable gap in funding institutions and resources. Government funding and support, primarily of which is offered through Indigenous Services Canada (ISC) and Canada Mortgage and Housing Corporation (CMHC), relies on annual funding applications which creates a sense of instability and may work against new-build communities that take place over a longer period of time. The government should develop improved funding options that cater to multi-year projects while compromising on the number of applications and reporting.

The federal government must be prepared to deliver one-time payments to First Nations looking to start new-build communities.

Building off of some of the themes in this series, perhaps the most significant recommendation to give here is that the federal government needs to be prepared. More First Nations are going to be approaching government in the coming years to request a one-time payment to assist with the development of new-build communities. Each year, the Government of Canada provides an average of $1.2 billion. In order to meet the infrastructure needs, $25 billion to $30 billion in investments are needed to mend the infrastructure gap (Hobbs 2019). Government funding falls short too frequently. The upcoming one-time funding requests from First Nations need to be considered and promoted at the political level to ensure that these very necessary new-build communities are launched efficiently and effectively (Coates 2022c).

The government must improve nation-to-nation engagement to discuss meaningful solutions to funding gaps.

The federal government has made strides in recent years to improve communication between themselves and Band governments from coast to coast. This is a necessity but it cannot be viewed as a one-time action. It requires an ongoing effort. When reviewing some of the hurdles to gaining access to funding (recall: financing, capacity, scale, policy limitations, jurisdiction and project timelines), it is evident that there is a gap between federal policy making, and the needs of communities. In particular, funding seems to favour on-reserve projects which complicates the funding of new-build communities. An NPI publication by McAuliffe (2021) also highlights similar gaps, but with reporting. The average First Nation is expected to submit 130 reports per year, just to qualify for ISC funding. Large projects have year-to-year variations in funding structures and smaller projects are left with fewer funding options. If governments, federal or Band, do have the same goals of reconciliation and self-determination, then the federal government needs to meet Bands halfway. The unique assets of Indigenous communities need to be recognized more widely, and they need to be consulted if and when funding mechanisms are reimagined. First Nations are those who are experiencing the gaps in funding projects, and gaps to the overall socio-economy of Canadian society. This can be addressed through establishing improved and ongoing dialogue and agreement between the federal government and First Nations in Ontario's northern, central and western regions. It needs to take place together and through reassessing the current framework for funding. The voices of First Nations will be heard through improved engagement opportunities.

The government must develop a comprehensive online resource to represent all funding and financing models available to First Nations along with all pertinent information.

A limitation and hurdle that this research experienced, is a general lack of readily accessible, detailed information and tools on funding and financing mechanisms that support the projects of First Nations. The Government of Ontario has a website where they list government funding options for Indigenous economic development and so far, it seems that this is one of the more effective resources out there. But what it fails to include is the important information about reporting requirements, application deadlines, and other parameters. The external links also leave much to be desired. When doing research, it became evident that the most efficient way of finding funding sources to analyze was through word of mouth. This is hardly efficient and must be improved.

One way that the government can and should improve access to information about funding, is by developing an online resource that houses all necessary details about the available funding options, for a variety of projects. A "one stop shop" that is divisible based upon a series of filters such as province/territory, type of project (housing, infrastructure, business, new-build communities, urban reserves etc.), funding amounts, and other filters, would streamline the research process. Communities and Bands should be given the ability to access a public database or website where all funding options are listed. In addition, this resource should nearly eliminate the use of external links when possible. It should be made clear up front the type of loan (repayable and non-repayable). It would also be beneficial to provide brief case studies on each funding option where First Nations communities were successful. This would help to promote dialogue among communities for discussion on best practices, and minimize unnecessary hoops where confidentiality is not a requirement.

Although this recommendation may not improve the quality of a funding mechanism, it can improve the way in which First Nations have access to information so that they can effectively study and assess their options. Developing a comprehensive, in-depth resource that houses Indigenous funding options across all government and non-government donors, would be a desirable change for researchers and those looking for funding. It eliminates red tape and makes public information far more accessible.

The government must reconsider the FNFTA, including who it aims to serve, and its logical outcomes.

In 2013, the First Nations Financial Transparency Act (FNFTA) came into place which requires Bands to make their audited financial statements and salaries public (Bains and Ishkanian 2016). This Act has been met with some resistance and can be viewed as a way of further controlling the governance of First Nations. First Nations have provided this information; however, the Act only requires overall financial breakdowns for the First Nations, and not individual reserves. This makes it near-impossible to know what funding was applied to specific infrastructure projects. In addition, the FNFTA only made public the federal funding First Nations received and information about other sources of funding was limited if listed at all (Indigenous and Northern Affairs Canada. n.d.). Finally, the income statements also differ between First Nations. Uniformity is not present, making data collection difficult, and other First Nations are left to rely on minimal details. This suggests that the FNFTA may not be serving communities. This should be taken seriously on a political level should the federal government wish to improve the experience of First Nations and their projects.

First Nations must use case-specific solutions as models for future development.

Canada has fallen into a "one size fits all" solution when it comes to Indigenous issues, but First Nations looking to problem-solve can avoid this narrative by mimicking case-specific solutions when developing project proposals (Baird and Podlasly 2020, sec. 5). Developing new-build communities may be best achieved using the innovative and strategic funding models that other First Nations have been successful with. For example, First Nations in Ontario's northern, central and western regions who have settlement funds and or treaty entitlements may wish to use those as a starting point. Alternatively, funds could be obtained for joining or implementing other projects which could lead to OSRs for further reinvestment. Looking to successful cases in other regions and learning from their successes and shortfalls, is a first step for planning development in the North.

First Nations must be prepared to make use of a hybrid funding approaches where a combination of government funds, corporate funds and OSRs are used.

When reviewing the options for funding infrastructure, it is evident that most First Nations are relying on more innovative approaches to funding development. PBCN initially used a settlement and land entitlements to gain access to a parcel of land. Then they placed a commercial development on it, which created OSRs. It is these funds that PBCN are able to reinvest into infrastructure, such as that of new-build communities (CNCBC 2015). In the second section where larger infrastructure projects were discussed, First Nations also used a hybrid approach. GBFN used a P3 to take part in a micro-grid project, but for their portion, they used a variety of government funds (Gull Bay First Nation n.d.). And of course, using a newer funding mechanism such as crowdfunding, would be another option for an innovative funding method that may have to be layered within government and corporate funding mechanisms.

Some First Nations also have the option to use solely federal and provincial government funding. In the final section, the NCBR was presented as an option. The two examples though, that of the day care and health service, were much smaller projects. Both are forms of community infrastructure that are needed in new-build communities, but are simpler to obtain. The NCBR provided $30,000 to provide a day care for Lennox Island and $550,000 for a type of health service (Indigenous and Northern Affairs Canada 2007). It is important to remember though, that while it was exclusively government funding that funded these community infrastructure projects, each relied on a variety of government funding streams.

Concluding Remarks

A variety of scholars agree that a "one size fits all" approach to solving Indigenous issues is inadequate and underserves Indigenous communities (Baird and Podlasly 2020). This report presented both innovative and traditional funding models used by several communities and or projects. TLEs and settlements have been used for land purchase and development. Those investments then led to commercial businesses that generated additional OSRs for reinvesting. Hybrid approaches have been pursued as well, including various ways that P3s have been adapted to fund projects. Government funding remains an option, either to incentivize private options or as the exclusive revenue source. Crowd funding, in the internet age, now offers a viable option for smaller projects or pilot or planning initiatives. The key is options. First Nations must be open to them, and federal and provincial governments must remove barriers that limit them.

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Appendix

List of Abbreviations

AANDC- Aboriginal Affairs and Northern Development Canada

ALGP- Aboriginal Loan Guarantee Program

ATR- Additions to Reserve

CIB- Canadian Infrastructure Bank

CMHC- Canadian Mortgage and Housing Corporation

EWT- East-West Transmission Line

FMA- Financial Management Act

FMB- Financial Management Board

FNFA- First Nations Finance Authority

FNFTA- First Nations Financial Transparency Act

FNGST- First Nations Goods and Services Tax

FNII- First Nations Infrastructure Institute

FNMPC- First Nations Major Projects Coalition

FNTC- First Nations Tax Commission

HASI- Adaptations for Seniors Independence Program

GBFN- Gull Bay First Nation

ICCGP- Indigenous Community Capital Grants Program

ICEP- Indigenous Clean Energy Planning

IEDF- Indigenous Economic Development Fund

INAC- Indian and Northern Affairs Canada

ISC- Indigenous Services Canada

KFN- Kahkewistahaw First Nation

KZA- Kiashke Zaaging Anishinaabek

LPFN- Long Plain First Nation

MDLP- Ma'iingan Development LP

MLCN- Muskeg Lake Cree Nation

MOU- Memorandum of Understanding

NAEDB- National Aboriginal Economic Development Board

NODP- Northern Ontario Development Program

NOHFC- Northern Ontario Heritage Fund Corporation

NPI- Northern Policy Institute

NRF- New Relationship Fund

OFA- Ontario Financing Authority

OPG- Ontario Power Generation

OSR- Own-Source Revenue

PBCN- Peter Ballantyne Cree Nation

PFN- Piapot First Nation

P3/PPP - Public-Private Partnership (also sometimes referred to as a sponsorship)

RRAP- Residential Rehabilitation Program

SPV- Specially Created Project Vehicle

TFN- Tsawwassen First Nation

TLE- Treaty Land Entitlement

Table 1: Chief Joseph Custer Reserve IR #201

Type of Benefit	Benefits			
	First Nations Members	Off-Reserve Citizens	First Nation (as a whole or council) (per year)	Host Municipality (per year)
Economic	93 jobs held by members of the First Nation	309 jobs held by residents of Prince Albert		$2.3 million in tax exemptions spent in Prince Albert
Fiscal			Limited benefits generated through liquor consumption tax	-Service fees -$348 000 in property taxes paid to Prince Albert

**This table and the following offers a breakdown of the benefits reaped by members of the First Nation, off-reserve citizens, the First Nation government and the host municipality. Fiscal benefits for First Nations members and off-reserve citizens, as well as economic benefits for the First Nation council were not identified in the report.*

Table 2: Gull Bay First Nation Micro-Grid Project

Type of Benefit	Benefits
Economic	• Connected KZA to non-diesel power source • 20+ years of revenue for First Nations
Environmental	• 25 percent less diesel used each year, resulting in lower CO2 emissions
Other	• Strengthened partnerships • Possibility for later expansions

**This table offers a breakdown of the benefits reaped or expected benefits as a result of the project.*

Table 3: Tsawwassen First Nation Wastewater Treatment Plant

Type of Benefit	Benefits
Economic	• Significant OSR for Tsawwassen First Nation • Building tax base • Job creation
Environmental	• *Environmental benefits were not found.
Other	• $2.5 billion to help close infrastructure gaps • Indirectly supports other developments that generate significant revenue through property taxes and leasing.

**This table offers a breakdown of the benefits reaped or expected benefits as a result of the project.*

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