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Anishinaabek



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Research Report | Fall 2022

Financing Autonomy: Limits and Opportunities within Existing Funding Arrangements

Nation Rebuilding Series, Volume 5

By: Dr. Ken Coates

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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 Wahnapiatae First Nation.
- Kirkland Lake is on the Robinson-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 Canada.

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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 identity, 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.

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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

Dr. Ken Coates



Ken Coates is a Professor and Canada Research Chair in Regional Innovation in the Johnson-Shoyama Graduate School of Public Policy. He is also the Macdonald-Laurier Institute's Senior Policy Fellow in Aboriginal and Northern Canadian Issues.

He has served at universities across Canada (UNBC, UNB and Waterloo) and at the University of Waikato (New Zealand), an institution known internationally for its work on Indigenous affairs. He has also worked as a consultant for Indigenous groups and governments in Canada, New Zealand, and Australia as well as for the United Nations, companies, and think tanks. Ken has also served as the past president of the Japan Studies Association of Canada, and in November was inducted into the Royal Society of Canada.

Ken recently published a book called *From Treaty Peoples to Treaty Nation* with Greg Poelzer. He has previously published on such topics as Arctic sovereignty, Aboriginal rights in the Maritimes, northern treaty and land claims processes, regional economic development, and government strategies for working with Indigenous peoples in Canada. His book, *A Global History of Indigenous Peoples: Struggle and Survival*, offered a world history perspective on the issues facing Indigenous communities and governments. He was co-author of the Donner Prize winner for the best book on public policy in Canada, *Arctic Front: Defending Canada in the Far North*, and was short-listed for the same award for his earlier work, *The Marshall Decision and Aboriginal Rights in the Maritimes*.

Ken contributes regularly, through newspaper pieces and radio and television interviews, on contemporary discussions on northern, Indigenous, and technology-related issues.

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Executive Summary

The financial relationship between First Nations and the Government of Canada continues to change over time. Indeed, the differing views on prosperity between both levels of government make this ongoing evolution almost inevitable. The Government of Canada, on the one hand, has prioritized personal achievement. In contrast, First Nations typically emphasize collective capitalism or community ownership. This leads to ongoing systemic failures in many current Canadian programs.

Specialized government funds for economic development are routinely available, upon application, and could be used to support the establishment of rebuilt communities. Securing this money can, however, be difficult. Requiring a considerable amount of time and effort and often forcing requests to be tailored to suit evolving Canadian program priorities. These processes can be long and complicated and do not carry a strong assurance of success.

Settlement funds provide Indigenous communities with optimum flexibility but often with strongly competing demands on the money. These funds are typically one-time only allocations and must be used with exceptional care and attention to long-term community needs and immediate political realities.

The administrative burden carried by most First Nations allows little time or money to be used for rebuilding communities. While the Canadian public and even the Government of Canada have the impression that large sums are being “given” to First Nations, the reality is that the money that is being spent is tied directly to the history of colonialism, paternalism, and government mistreatment of Indigenous peoples. Or is, in many cases, simply much like the funds available to all Canadians. Funding for new build communities, however, must often compete with other urgent financial requirements. With the result that short-term needs usually relegate long-term financial requirements to the sidelines.

Current federal government funding such as Band Support Funding, Health Facilities Programing, Indigenous Business Development and others are designed to finance operating First Nations, Métis governments, Inuit agencies and other Indigenous organizations. Funding for specific elements of rebuilding communities and related activities can be obtained from a wide variety of other federal government programs. But only for those specific pieces, thus leaving significant gaps for new build communities. Even in areas where funding can be secured for parts of the rebuild process, the programs tapped rarely align directly with Indigenous needs and carry substantial opportunity costs for the First Nations. Meaning that, even where dollars are available, they are not without costs and are inflexible.

These programs were not, of course, established for rebuilding communities, let alone targeted for specific First Nations. Modern treaties, specific claims settlements, and financial agreements arising from legal challenges have, on the other hand, been more effective in achieving change. Change that is more favourable to First Nations and more in keeping with their definition of progress and sustainability.



Introduction

Over the past thirty years, with antecedents going back to the early 20th century, First Nations have struggled to regain their ability to function as cohesive, autonomous communities. Dispersed geographically and often separated physically even from the small blocks of land assigned to them as reserves, the social and financial burdens of rebuilding historical communities often exceed current capacity. First Nations often have only one shot, in terms of authority, structure and funding, to relaunch a community. The task is daunting. The options often less clear than desirable. And the choices vitally important. For groups like the Three First Nations¹, when the land base and focal point for community have been long missing, First Nations face the additional challenge of connecting people who have been dispersed broadly across their traditional territories and further afield.

This paper explores not only the evolution of the financial relationship between First Nations communities and the Government of Canada, but the differing views on prosperity between both levels of government. For example, the Government of Canada has prioritized personal achievement while First Nations communities typically emphasize collective capitalism or community ownership. As well, this paper examines the limits and opportunities within existing funding programs that may constrain or support the pursuit of sustained, self-determined social and economic development for new-build communities. It recognizes, in the first instance, that a key element in community rebuilding lies in identifying the required building blocks, which might include:

- A land base that could serve as a meeting ground or central service hub for each First Nation or a business oriented new build community;
- The nature and extent of services to be provided by the individual First Nations, including those delegated activities funded directly by the Government of Canada and the Government of Ontario, and services provided by the community, for the community;
- The financial compensation to be provided to the individual First Nations by the Government of Canada based on its failure to attend to its fiduciary responsibilities to the First Nations;
- The cost of developing facilities and buildings necessary to house the First Nations, recognizing both the immediate and anticipated needs of the First Nations and the physical assets that would have been developed and utilized over the lost years of reserve control and governance;
- A special one-time allocation and ongoing funding to cover the costs of governing dispersed populations, in line with the societal consequences of the lost reserves and the subsequent dispersal of the membership across the province and country.
- Targeting funding that covers the substantial start-up costs for the rebuild process and that has the capacity to adjust in line with unanticipated fiscal realities.
- Other such costs as identified by the First Nations in their discussions with the Government of Canada and the Government of Ontario.

¹The "Three First Nations" at the heart of this series are the Nations of: Animbiigoo Zaagi'igan Anishinaabek, Bingwi Neyaashi Anishinaabek, and Lac des Mille Lacs First Nation.

The paper outlines different aspects of the funding relationship and notes several key conclusions:

- Existing programs were not established with the explicit purpose of supporting rebuild communities. Greenfield operations require specific funding arrangements. Requiring the First Nations to go through standard program application processes and to frame many/some of their requests through normal departmental and government processes would be an added indignity.
- Specialized government funds for economic development are routinely available, upon application, and could be used to support the re-establishment of the First Nation community. However, securing the money can be difficult, requiring a considerable amount of time and effort and often requiring tailoring requests to suit evolving program priorities. The processes can be long and complicated and do not carry a strong assurance of success.
- Settlement funds provide Indigenous communities with optimum flexibility but often with strongly competing demands on the money. These funds are typically one-time only allocations and must be used with exceptional care and attention to long-term community needs and immediate political realities. Models from modern treaties, which include multi-year funding arrangements and start-up funding, including specific allocations for capacity building, provide useful models.
- The administrative burden carried by most First Nations allows little time or money for specialized projects, such as community-rebuilding, governing a widely dispersed membership. While the Canadian public and even the Government of Canada have the impression that large sums are being “given” to First Nations, the reality is that the money that is being spent is tied directly to the history of colonialism, paternalism and government mistreatment of Indigenous peoples or is much like the funds available to all Canadians. Funding rebuilding communities must compete with other urgent financial requirements, with short-term needs often relegating long-term financial requirements to the sidelines.
- Funding for specific elements, such as the creation of a new build community and related activities, is available from a wide variety of federal government programs, but the programs rarely align directly with Indigenous needs and carry substantial opportunity costs for the First Nations.
- The most effective strategy is not to seek a single financial solution but, instead, to secure a settlement that addresses the major compensation requirements and that provides the First Nations with the resources and capacity need to align themselves with available government funding programs.



Overcoming Historical Inequities

First Nations in Canada face formidable challenges, seeking to overcome generations of colonialism and marginalization. Although some First Nations have made significant progress in recent years, First Nations personal and family income lag well behind national norms and Indigenous communities are much poorer than most other Canadian towns and cities. The inequities are deeply entrenched and difficult to change.

Despite these realities, First Nations have shown remarkable resilience and collective determination. Across the country, Indigenous communities have prioritized economic development and sought out new financial opportunities, showing remarkable determination to break out of the cycle of poverty and create sustainable, self-directed prosperity. For the growing number of First Nations that fought to re-establish themselves legally as a nation and to secure from government and the courts the ability to establish a reserve (as defined under the Indian Act), the socio-economic challenges have been compounded by the need to re-create a physical community. The task is truly important, time-sensitive and constrained by a complex series of laws, policies, and financial requirements.

Over the past century and a half, many First Nations have been treated poorly by the Government of Canada. On the prairies, the government knowingly and deliberately undercounted the members within dozens of First Nations, leaving the First Nations with much smaller than the already tiny land allocations set out for their use under the numbered treaties. In British Columbia, similarly, government officials prioritized non-Indigenous land use, denying First Nations access to prime commercial or agricultural sites, and systematically reducing many of the reserve allotments in the new province. In Yukon, First Nations requests for treaties and reserves, sparked by the arrival of thousands of Klondike stampeders, were rejected less the government allocate valuable land to Indigenous peoples.

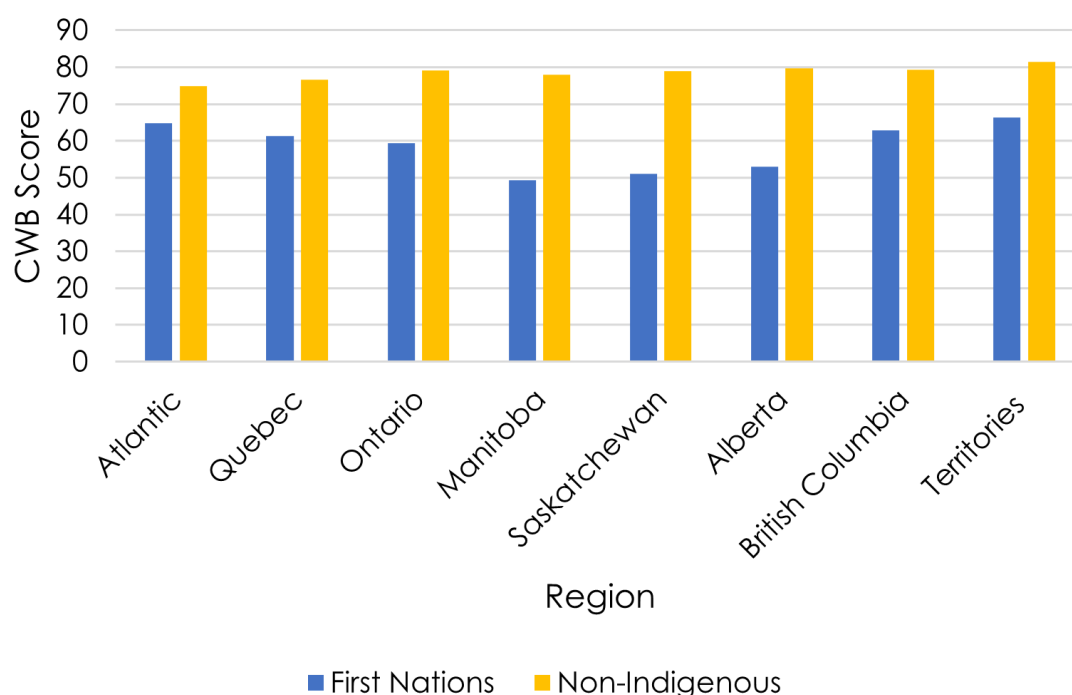
In other cases, including those of the Three First Nations, a variety of demographic and economic shifts, government decisions, and socio-economic realities, the number of members living in a community or on a reserve dropped. Governments took steps to de-list communities, revoke reserve status and/or deny a First Nation registry as an official settlement under the Indian Act. At one end of the country, the Qalipu First Nation in Newfoundland and Labrador spent years fighting, successfully, for recognition. In many others, including a First Nation at the mouth of the Fraser River, the government notionally assigned the members to neighbouring First Nations without their consent; it subsequently took years of organizing activity and legal manoeuvring to secure government recognition. The effort – and this pattern is not unique – took much of the adult life of a generation of leaders and a great deal of the human and financial resources of the unrecognized communities.

The pursuit of Indigenous political autonomy and economic prosperity is an honourable one, rooted in Indigenous history and based on a determination to overcome generations of injustice and mistreatment. Legacies and limitations from the past remain, in both broad societal challenges (patterns of discrimination) and practical considerations (access to investment capital). Achieving the crucial goal of re-establishing their nation and having the resources and opportunity to develop a reserve, is the starting point of what promises to be a difficult, time-consuming, and ultimately rewarding experience. The goal of economic renewal, as Indigenous leaders have made clear numerous times in recent decades, is not money. Rather, it is the urgent need to gain the resources required to create healthy people, families, and communities and to revitalize and sustain First Nations cultures. But having said this, the reality is that money is required – in substantial, sustained, and reliable amounts.



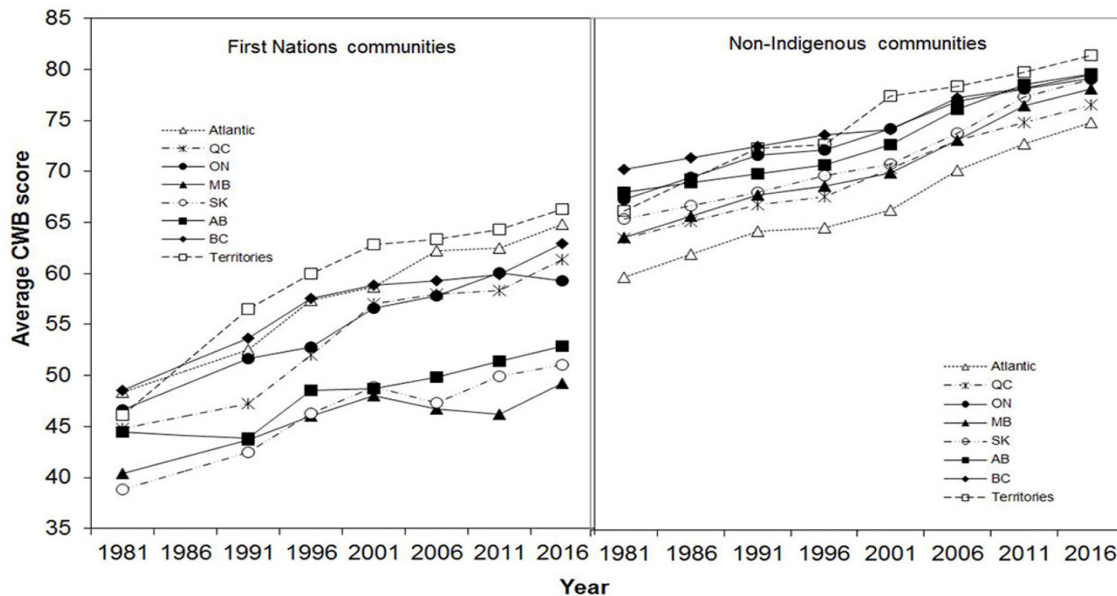
Recognize, however, the nature of the challenge. The figure below reports on the community well-being index, compiled by Indigenous Services Canada. The CWBI demonstrates that First Nations communities in Ontario track well behind the non-Indigenous population. These results reflect the long history of dispossession and marginalization. In general, socio-economic conditions among First Nations are improving, but not as fast or as comprehensively as in the non-Indigenous and southern population. As the community-level results demonstrate, northern Ontario First Nations, particularly northern of the Trans-Canada Highway, are among the lowest ranked in the country. Note – and this is important – that the CWBI measures are fairly standard and western in nature (such as income and housing) and does not capture elements of specific concern to First Nations, including language use, ceremony, time on the land, and harvesting activities. CWBI, therefore, is a far from adequate measure of the quality of life in Indigenous communities, but it does provide a useful gauge of financial well-being and comparisons between First Nations and between First Nations and non-Indigenous communities.

Figure 1: First Nations Community Well-Being Index Chart for Canada, CWB Scores by First Nations and non-Indigenous Communities, 2016



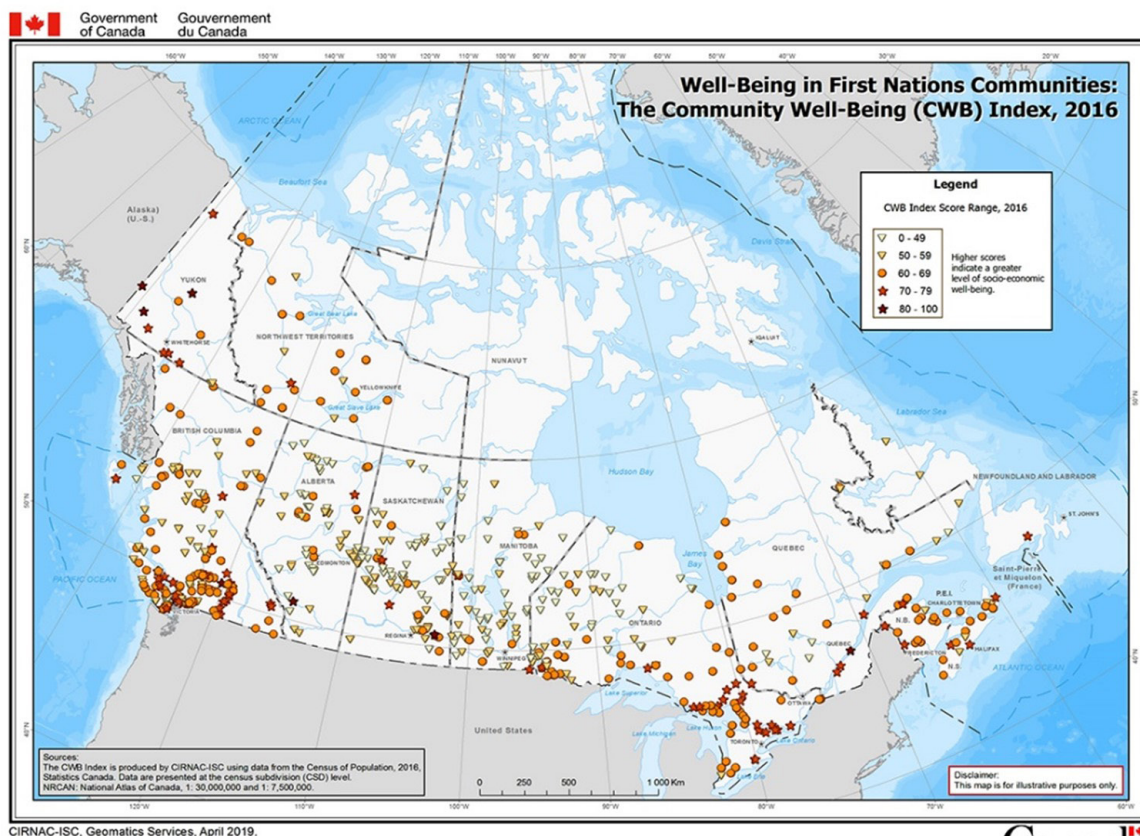
Source: Graph modified from source, Indigenous Services Canada, 2019.

Figure 2: Indigenous and Non-Indigenous CWBI Comparisons, Canada Average CWB Scores by Region, First Nations and Non-Indigenous Communities, 1981 to 2016



Source: Statistics Canada, Censuses of Population, 1981 to 2006, 2016 and National Household Survey, 2011.

Figure 3: Well-Being in First Nations Communities, Canada, 2016



The Economic Context:

First Nations in Northern Ontario operate in a specific historic, legal, and economic context, one that is impossible to separate from contemporary commercial and employment issues. Before turning to the traditional resources available to First Nations seeking to expand economic opportunity and, specifically, to “re-build” First Nations involved in setting up new reserves and building both their nation and the regional economy, government policy created the conditions of sustained poverty and marginalization. Decisions on reserve allocation, funding applications, and support for First Nations government initiatives came through the federal government, establishing a pattern of paternalism and welfare dependency that echoes through to the present. Because successive governments played such a major role in marginalizing Indigenous peoples, it follows logically that federal officials and agencies have primary responsibility for ensuring that the First Nations have the financial resources and authority to set things on a more promising and sustainable course.

The Original Affluent Society: First Nations and Economic Engagement:

First Nations have always been economically active and adaptable. The current development of strategies for economic renewal and improved Indigenous well-being build off historic patterns of entrepreneurship, trade and economic activity. Current efforts are, decidedly, not brand new to First Nations but rather build off deep cultural patterns and experiences. Adaptation, revitalisation and resilience have been the cornerstone of First Nations lives for countless generations. The rebuilding of the Three First Nations and the improvement of First Nations economies in the region represent a continuation of Indigenous efforts of empowerment and engagement.

When Europeans arrived in the region, First Nations adjusted quickly to a dramatically different economic order. They worked with the French and British fur traders, assumed middleman positions with distant First Nations, and accommodated new trade goods and negotiated effectively with the newcomers. The area now described as Northwest Ontario was pivotal to the growth of the North American fur trade economy and, after the 1880s, to post-railway development of Canada. As the economy changed, with forestry, mining and transportation, many First Nations people found work with the newly arrived settlers and companies. They faced many informal barriers in their efforts to adjust to the emerging sectors, particularly those of discrimination and the changing skill requirements of new industries. Government tried to accelerate the integration of Indigenous people into the economy, but their preferred method – such as sending children to residential schools – created more problems than solutions. But in most non-urban parts of Canada, harvesting activities (hunting, trapping, fishing, gathering) remained central to Indigenous well-being well into the 1950s and 1960s. In areas like Northwest Ontario, many First Nations families relied heavily on their harvesting for food and income well past the 1960s and continue to do so to the present.



Addressing Perceived Poverty: Welfare Dependency the Post-World War II:

First Nations efforts to rebuild their communities and to re-establish their political and economic systems are not occurring in a vacuum. Much has been written in recent months about the multi-generational trauma associated with residential schools. Without diminishing the importance of the residential school experiences, it is vital to acknowledge that the effects of other government actions, ranging from the paternalism of the Indian Act to attacks on Indigenous cultural practices, also had long-term effects on the First Nations. The challenges facing Indigenous peoples are not just those of the present; the members and the communities carry the residue of the past with them at all times.

Canadians and their government did not see value in First Nations' lifestyles and, through such interventions as residential schools, transfer payments, official Indian reserves, and various economic development strategies, tried to address the perceived poverty of First Nations in the 1950s through direct support and engagement. Between the 1950s and 1960, the Government of Canada designed and implemented the modern welfare state for First Nations peoples, seemingly with the best of intentions, that imposed the government into the daily lives of First Nations and transformed the people from mobile people living closely with the land to reserve-based and government-dependent communities.

Canadians have largely forgotten how fast and how comprehensively the welfare state affected First Nations peoples. In short order, northern reserves were established or expanded, government housing built, social welfare payments extended, Indian Agents empowered, and education extended. The freedom that characterized First Nations life for centuries had, in less than a generation, been replaced by welfare dependency and the over-powering rule of government. The availability of government transfer payments (welfare, old age pensions, funding for children, etc.) undercut many aspects of First Nations economic life, lessening reliance on harvesting and increasing the role of government in First Nations' lives dramatically. This period also saw a substantial movement off reserves, to the point where some First Nations "disappeared" administratively.

The point here is simple. The marginalization of First Nations peoples was intense, deliberate, and multi-generational; the traumatic effects of the past linger in the lives of the First Nations in the present. This means that the Three First Nations cannot simply address the core challenges of sustainable economic development in Northwest Ontario. They must, in addition, contend with the longstanding issues of human resource capacity, education and training, limited access to investment capital and the special challenges of being Indigenous within northern Ontario and Canada. Added to this are the specific disruptions and traumas associated with being dislocated from land and community, which have intensified the challenges that the Three First Nations and their members have to address. The loss associated with being "cancelled" by the Government of Canada has only been partially offset by the nation-building effects of battling for and securing recognition from the federal government.



Administering Poverty: The High Costs of First Nations Administration:

Critics of Indigenous policy in Canada point out, the Government of Canada spends close to \$8 billion a year on Indigenous affairs. The numbers – and the criticism – is misplaced. Much of the funding is used for education, health care, social services, policing, fire protection and infrastructure, and other basic services and support that are available to all Canadians. A much smaller portion of the total spending comes to Indigenous communities based on their inherent and treaty rights and far too little specifically designed to address urgent needs. Most of the money spent by the Government of Canada on Indigenous affairs is tied to the serious issues of poverty and marginalization that affect most Indigenous communities. If Indigenous communities experienced comparable levels of well-being to the non-Indigenous population, the resulting federal government savings would easily provide the funding necessary to build Indigenous prosperity across the country. The current shift toward greater First Nations self-administration focuses primarily on the high cost of managing poverty as opposed to the potentially much lower costs of managing prosperity. More constructively, the funds allocated for administration can, if carefully applied, provide the foundation for much greater community well-being, particularly through employment, community income, improved social and cultural outcomes, infrastructure investments and the like. For all Canadians, and not just for Indigenous communities, government expenditures are a central underpinning of economic prosperity and commercial opportunity.

The administrative burden on First Nations frees up little time or money for the use on specialized projects. While there is the impression that large sums are being "given" to First Nations by the Government of Canada, the reality is that the money that is being spent is tied directly to the history of colonialism, paternalism and government mistreatment of Indigenous peoples or is simply comparable to funds available to all Canadians. Funding for rebuilding communities often has to compete with other urgent financial requirements, with short-term needs often relegating long-term financial requirements to the sidelines.

Importantly, the administrative costs facing any First Nation – and doubly or more so for a rebuilding community – are more a function of the nature of government than the reflection of needs and desires of the First Nations. The onerous tasks of applying for grants, submitting proposals, reviewing documents with government officials and reporting on the use of the funds uses up a substantial portion of the total budget allocated to the First Nations². No detailed estimates have been made of the total cost of the administrative relationship with the Government of Canada, but a rough assessment would put the sum at between 25 per cent and 50 per cent of the total budget of a First Nation. The cost of dealing with the Government is a further imposition of the federal system, producing little benefit and a lot of difficulty to the political and administrative lives of First Nations. Different funding arrangements – long-term, renewal agreements, fixed annual allocations that cross over multiple program lines, and core funding allocations – can address a significant portion of this problem.

² See McAuliffe 2021.

Seeking Opportunity: Government Programs for Economic Development:

The Government of Canada was not content with the continuation and, in comparative terms, the deepening of Indigenous poverty after World War II. Expanding rapidly in the 1970s, the government created many new economic development plans, providing funding for local Indigenous businesses, hiring Indigenous workers to build government houses and buildings, investing in infrastructure development, and otherwise trying to create sustainable and wealth-producing local economies. The efforts worked, in some locations, for some people and for a few communities. At times, government officials often promoted industries and businesses that did not fit with regional history, culture, and experience.

The reliance on government subsidies in the start-up phase of the implementation of the welfare state stopped much of the harvesting activity, although traditional efforts still produced a substantial portion of the food consumed by First Nations families. More often, the heavy-handed government intervention brought a culture of paternalism and Ottawa-centric programming that limited local autonomy and forced First Nations to adjust to a foreign and imposed socio-economic order. The net effect was that the Government of Canada spent a considerable amount of money – and felt, politically and administratively, as though they had made a real effort. But the economic benefits to First Nations communities were limited, in large part because of the historic and systematic challenges facing Indigenous peoples.

Personalizing Opportunity: Government Programs for Training and Education:

Approaching Indigenous economic development, the Government of Canada wrestled with the competing goals of promoting community economic growth and personal financial achievement. On balance, government efforts over time prioritized personal attainment. Governments spent a considerable amount (often locally administered) on college and university education, training programs, and funding for private Indigenous businesses. When these efforts worked, individuals were the primary beneficiaries. Many of the post-secondary students, for example, left their communities for their education; a substantial number of the successful graduates did not return home, although they often enjoyed rewarding and remunerative careers. Privately owned companies likewise often produced significant local benefits, typically in the form of jobs and spending, but the profits and equity remained in personal hands.

First Nations believed strongly in collective capitalism, an approach that goes back the early fur trade. In more recent times, Indigenous economic development corporations have been the primary agents of collective economic activity, assembling and investing community assets and building companies and other ventures with a view to expanding community wealth and promoting companies that promoted local hiring, spending and economic impact. This community-centred approach stood in contrast to the broader individualized initiatives of the Government of Canada and the Canadian economy in general. Put simply, Indigenous communities approach commerce, business development and personal opportunity differently than do Canadians as a whole and, specially, in considerable contrast to the post-World War II investments of the Government of Canada.



Revisiting Existing Government of Canada Funding Programs:

The Three First Nations have made it clear that the current funding models do not work for re-established communities. Specifically, the Three First Nations are disadvantaged in the following ways:

- Government funding arrangements are only now starting to include on and off reserve members, as is happening with family and children's services in some First Nations;
- The Government programs are tilted heavily in favour of reserve communities and are not designed for large off-reserve populations. Indeed, there are unique challenges of governing and supporting a diaspora population. As such, re-launching funding for the communities must include the start-up and operational costs for a distributed First Nations government;
- At no point has Canadian government funding systematically and adequately accommodated diaspora communities, including the cost of expending services to members living far off-reserve;
- The full initial and transitional costs of re-establishing a First Nations have been under-estimated, which has put the newly re-formed communities at an ongoing disadvantage;
- The concept of compensation for the dis-establishment of a First Nation is poorly developed. For many years, these First Nations did without a government, band offices, support services, access to First Nations funding, and the variety of socio-economic resources and benefits that flow from the standard administrative activities. At a minimum, it is appropriate that a re-established community receive the funds required to replicate the facilities, staffing arrangements, trust funds and other federally provided support payments for a comparable sized First Nation operating under roughly similar circumstances. Depending on the circumstances of the de-listing as a First Nation and the length of time needed for the Government to respond to the First Nation's claims for re-instatement, it is a substantial payment. These allocations, should they be forthcoming, are not provided for in standard government programming.

Government programs change regularly, connected to the election of new national governments and the political necessities of annual and electoral budget cycles. The Government of Canada currently provides funding in a variety of targeted funding program, including the following (Government of Canada 2020):

Governance

- Band Support Funding
- Employee Benefits
- Professional and Institutional Development Program
- Tribal Council Funding

Housing

- First Nation On-Reserve Housing Program

Infrastructure

- Capital Facilities and Maintenance Program
- First Nation Infrastructure Fund
- Health Facilities Program

Lands and Economic Development

- Community Opportunity Readiness
- First Nations Land Management
- Indigenous Business Development
- Lands and Economic Development Services Program
- Reserve Lands and Environment Management Program
- Strategic Partnerships Initiative

Social programs

- Urban Programming for Indigenous Peoples

Environment and natural resources

- Contaminated Sites Management Program
- First Nation Adapt Program
- Indigenous Community-Based Climate Monitoring Program

Treaties, agreements and negotiations

- Nation Rebuilding Program

These programs are designed to serve operating First Nations governments, Métis governments and Inuit agencies and organizations. They were not established for rebuilding communities, let alone for specific First Nations. The Three First Nations can, do and should continue to use each of the programs, as appropriate. But standard federal programs are designed for general purposes and have been less important over time as governments and Indigenous communities focus on treaty-based settlements, the resolution of long-standing legal and other claims, and specific economic opportunities and social needs.

The Government of Canada allocates funding in a variety of ways, including per community allocations, per capita allocations, adjustments for geographic location, adjustments for socio-economic circumstances, historic patterns of funding, specific geographic elements (especially related to construction activities), variations in the services being provided, and the quality of the political representation made by community and regional leadership. Allocations are balanced on a regional basis, maintain an historic pattern of favouring reserves over off-reserve programs. They are also influenced by media coverage, as has been shown in areas as diverse as water supplies, housing, pandemic responses, and the like. Although the Government of Canada often has notional allocations based on some of the criteria outlined above, the actual funding arrangements reflect less structured and more fluid administrative and political decisions. This flexibility is appropriate and unavoidable in a country as diverse as Canada and with such substantial variations in Indigenous social, economic, climatic and other conditions.

But an emphasis on the quantum of the funding understates one of the most fundamental issues facing Indigenous peoples in Canada. There is growing awareness among First Nations and other Indigenous communities that engagement with federal government programs (and provincial programs as well) carries significant costs. The concerns include the following:

- Programs reflect Government of Canada priorities and not necessarily local needs, although there has been more discussion on funding plans in recent years;
- The national nature of the programs, of necessity, results in schedules, terms and conditions that might not suit First Nations' requirements; this often results in First Nations losing a construction year.
- Application processes are often complicated and technical in nature, placing substantial demands on First Nations governments, costing a great of administrative time and increasingly leading to use of external consultants to complete proposals;
- The length of time involved at the national level in collecting, reviewing and deciding on applications can be long and is often disconnected from the construction and transportation cycles in the affected regions;
- Successful applications to government programs require a formidable amount of evaluation and reporting requirements, all of which add to the costs and difficulties involved with accepting an award;
- Government programs tend to be time limited or time specific. Governments prefer to make new announcements or restructuring of programs, interfering with program delivery continuity and sustainability of services;



Supporting First Nations' Economic Development:

Current funding approaches, both in terms of the specific initiatives on offer and the quantum available to individual First Nations, have not worked. Over the past half century, the Government of Canada has allocated billions of dollars to Indigenous economic development funds. In the main, this financing was available upon application to competitive funding programs. These requests have historically been subject to extensive departmental review and, on many occasions, to redrafting based on input from government officials and arms length reviewers. The funding typically came with substantial administrative requirements, including formal reporting requirements, mid-implementation assessments, site visits and the like. While these requirements paralleled those implemented by banks and investors, these funding processes came with considerable time delays, elements of paternalism, and extensive interventions by non-commercial officials. In most years, the funds allocated to First Nations for economic development were not fully subscribed, reflecting the uneven nature of Indigenous business activity across the country. The availability of government funding often deterred private sector investors/bankers from supporting Indigenous businesses, particularly in their initial stages of operation. While there were many notable commercial successes among the Indigenous companies funded by the Government of Canada, the overall performance was not, historically, very strong, reflecting the many other challenges facing emerging First Nations, Métis, and Inuit companies.

Specialized government funds for economic development are routinely available, upon application, and could be used to support First Nations economic development. Securing the money can be difficult and often requires tailoring requests to suit evolving program priorities. The processes can be long and complicated and do not carry a strong assurance of success.



The Culture of Grant-Writing for Federal and Provincial Funding:

As noted above, the costs of administration are substantial and interfere with the smooth and efficient operation of government. These are externally imposed requirements; they do not flow from Indigenous cultures, political structures, and administrative preferences. The processes are, in fact, a crucial tool in controlling, containing, and directing Indigenous governments. The current approach to supporting Indigenous communities financially rests on two costly and complicated processes: legal challenges and applications for federal government funding. The latter carries real and substantial costs, in staff time involved in the preparation of grant applications, interim and final reports, and general grant administration. Grant programs reflect government priorities and schedules, not Indigenous preferences and needs. They carry enormous uncertainty, take a disproportionate amount of administrative time from Indigenous governments, and create a culture of financial dependency that ties Indigenous authorities directly into federal processes and structures. It is not uncommon for a First Nation to have to submit more than 200 reports and updates to the Government of Canada. It is not uncommon for a First Nation government to have to devote as much as half of their collective administrative time to the application for and management of government grants. The fact that government funding is tied to federal and provincial budget cycles, political processes and priorities, and frequent administrative changes makes it difficult for a First Nations to count on the reliable receipt of funding from government sources. Despite these liabilities, these grants are often the only significant pool of financing, particularly for major infrastructure projects.

Funding for specific elements of Indigenous governments, new build community creation and related activities is available from a wide variety of federal government programs, but the programs rarely align directly with Indigenous needs and carry substantial opportunity costs for the First Nation.

This can be put directly: there is growing understanding that government programs and funding models perpetuate paternalism and colonialism and cause enormous difficulties for Indigenous governments.

The Government of Canada has developed several block funding initiatives with First Nations, providing multi-year funding arrangements that provide certainty and flexibility of the funding. There is awareness in Ottawa that the existing system have become a significant, if not major, part of the governance and administrative challenges facing First Nations governments. Learning from the experience of First Nations governments across the country, the Three First Nations would do well to secure block and long-term funding arrangements and to negotiate structured arrangements – much like funding provided to provinces and territories – that maximize the independence of the First Nations governments. While “one off” funding lines and short-term, specific opportunities will likely remain a feature of Indigenous government in Canada, accepting the now-traditional system of First Nations funding would represent a major departure for the Three First Nations and a much-desired revision to the standard funding arrangements.

Existing Government of Canada funding arrangements are not well-designed for the needs of a rebuilding First Nation nor, it needs to be added, do they address the challenges of long-established reserve-based governments. That the Government of Canada is developing alternate arrangements, particularly long-term and block funding allocations, is an indication of the growing emphasis on new funding systems. Moreover, Indigenous governments understand that the funding arrangements are vestiges of Canadian colonialism and a primary administrative means the Government of Canada uses to control and influence the work of Indigenous governments. The widespread support for Indigenous self-government and the pursuit of own source revenues are the best illustrations of the determination of the priority attached to autonomy from the Government of Canada.

For the Three First Nations, the establishment of initial funding arrangements with the Government of Canada represents a crucial opportunity to establish structures and process that liberate and empower rather than constrain and limit Indigenous authority. Re-establishing eligibility for existing and future Government of Canada funding programs would represent an acceptance of a financial approach that is widely recognized to be a central element in the continuing over-regulation and over-administration of Indigenous governments and communities. Viewed differently and seen from the perspective of self-governing First Nations and those participating in new funding models, the re-establishment of the Three First Nations represents an opportunity to escape from the structures of history and to adopt funding approaches that work properly for the First Nations.

Securing Settlement Funds from Treaty and Legal Agreements:

There are workable models for Indigenous economic empowerment that have worked effectively in recent years. The emergence of Indigenous and treaty rights in Canada has produced many modern treaties, specific claims settlements, and financial agreements arising from legal challenges. Collectively, these amount to billions of dollars in transferred funds to Indigenous governments, communities and individuals while costing hundreds of millions of dollars and decades of Indigenous management and political time to conclude these complex arrangements. Where these funds have been managed effectively, they have produced substantial revenues for Indigenous communities and, occasionally, individuals (as with the settlements arising from residential schools and the Sixties Scoop). Where proper financial systems have not been in place, much of the settlement money leaked out of the community, providing limited long-term economic benefit. With the Canadian courts increasingly supportive of Indigenous claims and with an increasing awareness of the extent and nature of government mismanagement of Indigenous rights, lands and opportunities, First Nations and Métis communities have experienced considerable legal and negotiating success with government authorities. These funds typically come with few strings attached, giving Indigenous communities considerable flexibility in using the money for economic benefit and/or distribution. At the community level, the politics of major settlements have become increasingly complex, often with intense political debates about the appropriate allocation of the funds between, among other options, short-term community projects, long-term economic investments and per capita disbursements to members. In Indigenous communities

across the country, the careful and judicious use of settlement funds have provided the financial foundations for economic renewal and the redevelopment of local level prosperity.

Settlement funds provide Indigenous communities with optimum flexibility but often with strongly competing demands on the money. These funds are typically one-time only allocation and have to be used with exceptional care and attention to long-term community needs and immediate political realities.

In 2021, the Clearwater River Dene Nation finally reached a settlement related to the signing of Treaty 8 in 1899 in what is now Northern Saskatchewan. The treaty contained the provision that the Government would provide "cows and ploughs," a commitment that was not honoured. Negotiations which started in 2017 focused on assigning a present value to this treaty obligation. The settlement provided the community with \$122.3 million. The First Nation had to determine how the money would be spent and settled on dividing the sum into equal parts. All members over the age of 18 received a one time pay out of \$44,000. Members under the age of 18, half of the beneficiaries, have their money held in trust until they hit the age of majority. There may be further claims related to the treaty promise to provide ammunition and twine.

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To stay connected or get involved, please contact us at:

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