



Bingwi Neyaashi  
Anishinaabek



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**NORTHERN RECONCILIATION**  
RÉCONCILIATION DANS LE **NORD**

Research Report | Fall 2022

# Options for Indigenous Economic Empowerment and Prosperity

Nation Rebuilding Series, Volume 6

By: Dr. Ken Coates

[northernpolicy.ca](http://northernpolicy.ca)

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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 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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## Partners



### 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.

## 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

# 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

In 2021, the Government of Canada made large-scale commitments to stimulus funding and to post-pandemic recovery. The coincidence of the stimulus program and the presence of Three First Nations who are rebuilding could prove to be fortuitous, although it will inevitably require extensive grant applications and negotiation processes.

First Nations who are rebuilding have a unique opportunity to secure several of the required elements for long-term vitality: substantial and long-term funding from Canada; the prospect of a sizeable pool of investment capital; the prospect of purpose-built governance structures designed to promote economic development; and a land allocation that could be used strategically for commercial purposes. However, moving forward will require significant levels of financial and logistical support from Canada. It will also require collaborative action by the Three First Nations who are attempting to rebuild: Animbiigoo Zaagi'igan Anishinaabek (AZA), Bingwi Neyaashi Anishinaabek (BNA), and Lac des Mille Lacs First Nation (LDMLFN). Constructive engagement with non-Indigenous businesses and a coordinated, multipronged approach to rebuilding economic prospects will also be needed.

The Government of Canada must act in a fair, just, and systematic manner to provide the required support, authority, and financial backing. This report examines a broad range of economic and commercial options available to Canadian governments to assist AZA, BNA, and LDMLFN as they expand and sustain their economic footprint. Economies must be built from the bottom up, meaning that AZA, BNA, and LDMLFN must support entrepreneurial activity, whether individually or as a collective. Economic development corporations are an obvious option. Other options include local business promotion initiatives and the effective use of First Nations government procurement and investments, combined with assured First Nations access to Canadian government procurement. Joint ventures with local and regional non-Indigenous partners have proven highly successful in building employment, Indigenous business skills, and collaboration with non-Indigenous people.

Federal, provincial/territorial, and municipal governments

play crucial economic roles in Canada. Comparatively, First Nations typically rely on the Canadian federal government for support or financing. Given this dynamic, there is little economic collaboration such as through public-private partnerships, and between First Nations and Canadian governments at all levels. Major partnerships, such as with the Meno Ya Win Health Centre in Sioux Lookout, Ontario, create economic opportunity and provide a major symbol of reconciliation.

Collaborative action by First Nations is essential to long-term revitalization. The shared initiatives of AZA, BNA, and LDMLFN are an excellent starting point. There are increased examples of collaboration between nations in Canada, including proposed pipeline purchases, the work of the First Nations Major Projects Coalition, major real estate developments, and various commercial joint ventures. Individually, most First Nations are too small to capitalize on commercial opportunities. Joining together creates economies of scale, improves investment possibilities, distributes risk, and supports larger commercial projects that would otherwise be unrealistic.

Even though it is not available at the same speed and scale as for non-Indigenous businesses and organizations, private sector funding should be part of financial solution building for First Nations governments and businesses. Most First Nations, particularly those without substantial track records of commercial achievement, have difficulty accessing private sector financing, although the emergence of Indigenous-controlled financial institutions holds the promise of more culturally informed support.<sup>1</sup> Increasingly financial institutions are eagerly seeking opportunities to support commercially viable Indigenous investments.

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<sup>1</sup> See National Aboriginal Capital Corporations Association. "Aboriginal Financial Institutions." Available online at <https://naccca.ca/aboriginal-financial-institutions/>.



# Building toward economic justice for Indigenous peoples

Building a First Nation's economy is a major challenge, regardless of the local and regional economy. The weight of history rests heavily on Indigenous peoples and communities. There are no magic solutions or quick-impact strategies that will employ First Nations peoples, foster Indigenous business, and produce sustainable economic prosperity. The most commercially successful Indigenous communities in Canada are either close to major cities or proximate to major resource development projects. Rural and remote Indigenous communities are, in the main, facing significant economic challenges. There are avenues for development that hold promise but none carry guarantees, and most require a level of Canadian government involvement that surpasses anything yet undertaken in Canada.

AZA, BNA, and LDMLFN have a unique opportunity to secure several of the required elements for long-term vitality: substantial and long-term funding; the prospect of a sizeable pool of investment capital; the prospect of purpose-built governments designed to promote economic development; and a land allocation that could be used strategically for commercial purposes. However, moving forward will require both unprecedented levels of financial and logistical support from the Canadian government and collaborative action by AZA, BNA, and LDMLFN. Constructive engagement with non-Indigenous businesses and a coordinated, multipronged approach to rebuilding economic prospects will also be needed.

The Government of Canada must act in a fair, just, and systematic manner to provide the required support, authority, and financial backing. This report examines a broad range of economic and commercial options available to Canadian governments to assist AZA, BNA, and LDMLFN in expanding and sustaining their economic footprint.





The Government of Canada should:

- Shift to a 'whole of government' approach in dealing with Indigenous peoples and rights;
- Negotiate a comprehensive multiyear funding agreement that reflects the needs and aspirations of the Three First Nations. Such agreements have been put in place across the country and would provide a vital starting point for the Three First Nations;
- Provide a substantial one-time payment to rebuild the public finances of the Three First Nations, including paying for the necessary physical infrastructure for new First Nations governments;
- Provide a substantial one-time payment to create an economic development fund, or funds, to be administered through an Indigenous economic development corporation, or corporations, that would provide funding on a business case basis for emerging Indigenous businesses;
- Consider ongoing funding requests from the Three First Nations with a view to establishing a substantial and sustainable revenue-sharing opportunity. This assessment must consider an evaluation of the potential impact of the ongoing Robinson-Superior Treaty court case, with a view to identifying long-term and sustainable funding opportunities;
- Negotiate an appropriate revenue-sharing arrangement among the Three First Nations and, if appropriate, other affected First Nations;
- Commit to expediting the establishment of urban reserves as activities of the individual First Nations, or as a collaborative venture, with consideration given to the identification of diverse geographic locations of high potential commercial value;
- Negotiate a coordinated request with the Three First Nations for multiyear funding for an Indigenous commercial incubator. This should be done within the context of the 2021-2022 stimulus funding allocations, and with an emphasis on serving a geographically diverse population that is well-placed to capitalize on diverse economic opportunities throughout Ontario and Canada;
- Encourage, as appropriate, the engagement of private sector lenders to identify institutions (e.g., the First Nations Bank of Canada) that could support emerging Indigenous businesses associated with the Three First Nations; and
- Capitalize on its convening capabilities and authority to identify opportunities for collaborative activities between First Nations, and for involving First Nations in municipal and provincial joint ventures, including in health and education.

The governments of Canada and Ontario should:

- Promote, in the context of broader provincial and national initiatives, the Three First Nations' eligibility for Canadian government procurement contracts at all levels;
- Identify, on an individual or collective First Nations basis, areas of Government of Canada and Government of Ontario program responsibility that might be 'outsourced' over the next decade. This effort should identify a preferred timeline for the assumption of responsibility and an appropriate budget for these duties; and
- Create new 'economic space' for Indigenous peoples that recognizes the immense costs associated with the long-term dispossession of the Three First Nations. This could take many forms (e.g., tree-farm or mining licences, carbon capture arrangements, specialized recreational licences, a percentage of spectrum rentals), but it would provide contemporary solutions to historic injustices.

In the early post-World War II period, Canadian politicians and government officials became more acutely aware of what First Nations peoples in Canada had known for generations: that the Canadian economic order had marginalized Indigenous populations and had not found an appropriate and sustainable means of sharing prosperity with First Nations, Métis, and Inuit. Canada had tried, starting in the 1950s, to create opportunities for Indigenous workers and businesses. Educational efforts, training programs, business loans, and community economic development planning failed to improve economic circumstances appreciably. For Indigenous nations, the pursuit of economic justice and the opportunity to find an appropriate accommodation with the broader national economy remain a work in progress.

# Current socioeconomic realities of Indigenous peoples

Across the country, Indigenous peoples continue to lag behind the non-Indigenous population by all standard economic metrics, including average income, family income, employment rates, educational attainment, and housing conditions. Indigenous priorities, which include language retention and use, the practise of ceremonies, and family well-being, demonstrate comparable results. However, there are promising developments. The number of Indigenous students in college and university has grown dramatically. Indigenous business activity has expanded faster than the economy. High school graduation rates continue to improve (but slowly). Health care systems have made some accommodations for Indigenous cultures. And public/political awareness of Indigenous issues has increased. But the national reality remains far from acceptable. Although growing understanding of the multigenerational impacts of residential schools, the Sixties Scoop, and many other colonial and paternalistic efforts have softened public criticism of Indigenous peoples, the underlying challenges that they face remain largely unaddressed.

The situation in Northern Ontario is incredibly worrisome. Economic and related social conditions in rural and remote communities are particularly problematic. Income levels are among the lowest of all Indigenous peoples and, therefore, of all Canadians. The problems are particularly acute in the remote, distant, and fly-in communities, where unemployment is endemic and income-producing opportunities are limited. Job and career opportunities are more prevalent around Thunder Bay, Kenora, the Trans-Canada Highway corridor, and major natural resource and tourism sites. More generally, there is a substantial and growing Indigenous middle class connected to the re-empowerment of Indigenous governments, the ever-larger number of Indigenous-owned businesses, and the need for non-Indigenous agencies and businesses to recruit Indigenous employees. Where Indigenous communities have expanded business operations, conditions improved. Of course, the general malaise in the regional economy, particularly in Thunder Bay, makes it harder for local businesses and workers to find sustainable opportunities.

## Canadian economic development strategies and insufficient progress:

It is not as though Canada has been inactive in attempting to build economic opportunities for First Nations. Starting in the 1970s, the federal government offered an array of initiatives designed to create long-term jobs and economic opportunity. Most of the funding and support programs, however, were short term with complex application processes and daunting reporting requirements. In some instances, Canadian officials drove the projects, encouraging the development of a specific commercial sector and/or opportunities. In such cases, it was sometimes pure chance if those opportunities actually aligned with First Nation preferences. In other instances, Canada was a valuable partner because First Nation entrepreneurs found that the Government of Canada provided one of the only realistic sources of investment capital. The Government of Ontario, often in collaboration with the Government of Canada, likewise provided a variety of economic development initiatives, seeking to address the unique challenges of the northern part of the province. The multiplication of programs added complexity and bureaucracy to the community economic development processes without producing fast and substantial improvements for the First Nations peoples in the region.

But much has changed, and a considerable amount of the transition is positive. Indigenous nations fought for and won recognition of Indigenous harvesting and resource rights. The courts agreed that Canada had mismanaged education and child welfare programs, offering compensation to victims and support for Indigenous-managed initiatives. The delayed recognition of treaty rights and improved collaboration with resource companies produced significant own-source revenues for First Nations across the North, just as the growing commercial interest in Northern Ontario resources put increased pressure on Indigenous populations to accept major resource projects. To the surprise of many companies and the dismay of successive federal and provincial governments, First Nations often stopped or protested the resource activities, largely because the returns for the nations affected were too small or short term, or the projects were too disruptive of traditional harvesting activities and social conditions.

With support from Canada —although the assistance was inconsistent, the decision-making processes paternalistic, and the results uneven— Indigenous economic development expanded. First Nations became involved in major regional projects, such as a transmission system; established joint ventures and community-owned companies to service resource developments; created economic development corporations to build both wealth and regional job opportunities; and secured impact and benefit agreements with resource firms that provided a mix of community benefits, direct employment and job training, and preferential contracting with Indigenous businesses. At the same time, the wave of Indigenous post-secondary graduates has dramatically increased participation in the professional economy, with hundreds of doctors, nurses, lawyers, and others joining the national workforce. Indeed, the re-empowerment of First Nations and other Indigenous governments has created a large, highly engaged, and professional cohort with the capacity to lead economic development into the future.

Major challenges remain for most Indigenous peoples, and they are often qualitatively and quantitatively different than those of the non-Indigenous people of Canada. Long-term marginalization and entrenched discrimination have undermined family life in many communities and left many children vulnerable. Broad social difficulties leave many children traumatized. A significant percentage of these young people face complex adjustments to education, which often leaves them well behind classmates and poorly prepared for the social and economic realities of 21<sup>st</sup> century Canada. Prejudice and discrimination remain a fact of life for many Indigenous peoples, reflected in challenges related to urban housing, securing a decent job, and making career progress. The realities of state paternalism and legacy policies affect efforts by Indigenous peoples to launch businesses, get access to investment capital, and otherwise prosper economically.



# New foundations for a transformative approach

Standard economic development programming has had some success, but bureaucratic processes, the costs of grant writing and reporting to Canadian agencies, and lengthy decision-making timelines have limited the benefits of Ottawa-driven processes for First Nations. First Nations are particularly eager to secure own-source revenues, or money that comes to the First Nations without Canadian controls, regulation, or reporting requirements. Furthermore, First Nation leaders seek to support independent Indigenous businesses, many of which operate closer to the model of a social enterprise than a standard profit-making company. These firms typically prioritize training, employment, and long-term sustainability over immediate monetary returns. These two processes—community-controlled revenue streams and the creation of more locally active Indigenous businesses—are deemed essential to sustainable prosperity building in First Nation communities. There are, in Canada and further abroad, many models and pathways that may be appropriate for First Nations in Northern Ontario and, specifically, for the Three First Nations.<sup>2</sup>

<sup>2</sup> The “Three First Nations” at the heart of the Nation Rebuilding series are the Nations of: Animiigoo Zaagi’igan Anishinaabek, Bingwi Neyaashi Anishinaabek, and Lac des Mille Lacs First Nation.

## A 'whole of government' approach to Indigenous peoples and rights

New Zealand has adopted a 'whole of government' approach to the provision of programs, services, and supports for the Māori. This differs from the Canadian approach, which, at the federal level, focuses mainly on delivering support through Indigenous-specific agencies and departments. The New Zealand approach has led to substantial integration of Māori support services and to significant improvements in Māori well-being, cultural resilience, and business development (Belich 2002).<sup>3</sup> Canada has shied away from the 'whole of government' approach, although it now characterizes the model adopted in Yukon, Northwest Territories, Nunavut, and in British Columbia, as moving in that direction.

The idea of a 'whole of government' approach to Indigenous affairs is compelling. For generations, Indigenous policies in many countries have been focused on the Indigenous 'problem,' and have treated Indigenous peoples as wards of the state more than as active citizens and full partners. There is growing recognition that this approach marginalizes Indigenous peoples and leads to intense bureaucratic complexity and poor decision-making when it comes to Indigenous matters. With responsibility for Indigenous affairs focused on one administrative department, it becomes easy for other departments and agencies to assume that they are not obliged to place a strong focus on Indigenous concerns.

The idea of a comprehensive approach to government action is not particularly new, even in Canada. Starting in the late 60s to early 80s, the Government of Canada made bilingualism and biculturalism (or, more pointedly, relationships with Quebec) an obligation across all government departments. More recently, the current federal government applied a similar approach to gender and inclusivity, providing Prime Minister's Office oversight on these clear priorities. This approach breaks down bureaucratic silos, re-enforces the centrality of Indigenous policy to all branches of the administration, and facilitates Canada's response to Indigenous issues.

The 'whole of government' approach might not be uniformly accepted, as some Indigenous leaders clearly support the continuation of the current focused bureaucratic relationships and the clear ministerial lines of approval and decision-making. The New Zealand experience, however, has shown that the 'whole of government' system makes all ministers and their departments responsible for the equitable treatment of Indigenous issues and for the broadening of collective understanding of Māori concerns and needs. This approach clearly informs the path taken by the governments of Yukon, Northwest Territories, and Nunavut, and can be seen, at least implicitly, in the action plan for the implementation of the United Nations Declaration on the Rights of Indigenous Peoples released by the Government of British Columbia.

The New Zealand model retained a unit with responsibility for legal and constitutional issues associated with Māori affairs, while other units had to reconfigure their structures and duties to absorb all areas of responsibility for Indigenous peoples and governments. This would likely mean the retention of the Department of Crown-Indigenous Relations and Northern Affairs Canada as the centrepiece of formal relationships with Indigenous governments and the rapid downsizing of Indigenous Services Canada, with duties shifted both to Indigenous governments (in the form of enhanced autonomy and long-term funding arrangements) and other Canadian departments and agencies. This process would, in short order, Indigenize the Government of Canada and make Indigenous issues far more central to the day-to-day operations of the nation state.

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<sup>3</sup> See also Dena Ringold. *Accounting for diversity: Policy design and Māori development in Aotearoa New Zealand*. Wellington: Fellowships Office, Fulbright New Zealand, 2005.

## Modern treaties

The importance of ensuring that Indigenous peoples have adequate resources to determine their own destiny cannot be understated. The alternative is unacceptable to all Canadians: perpetual poverty, alleviated in small measures by grant-based contributions to Indigenous governments. There is no question that, legal and political issues aside, the Government of Canada and Canadians have major unresolved obligations to Indigenous peoples, but progress is being made. In recent decades the advent of modern treaties has improved the relationship between Canada and specific Indigenous peoples. These modern treaties have also measurably improved the socioeconomic conditions of the Indigenous populations involved. The Inuvialuit and many other Indigenous groups, such as the James Bay Cree, show how Indigenous governments with autonomy and resources are building economic futures independent of Canada.

*Example: The Inuvialuit Regional Corporation (IRC) is one of the best examples of an Indigenous group capitalizing on Indigenous rights and a contemporary financial settlement to community-wide effect. The IRC was launched with the \$44 million (1977 valuation) received from the Government of Canada as part of the Inuvialuit settlement of their land claims in the Western Arctic. It is controlled by six Inuvialuit communities, each of which has a community corporation, and they operate in four languages: Inuvialuktun, English, Inuinnaqtun, and Athabaskan. The organization has over 180 employees, 80 per cent of whom are Inuvialuit. Using the initial settlement as an endowed trust, the IRC invested in a wide variety of companies, supporting local entrepreneurs and community-owned businesses and encouraging regional prosperity.*

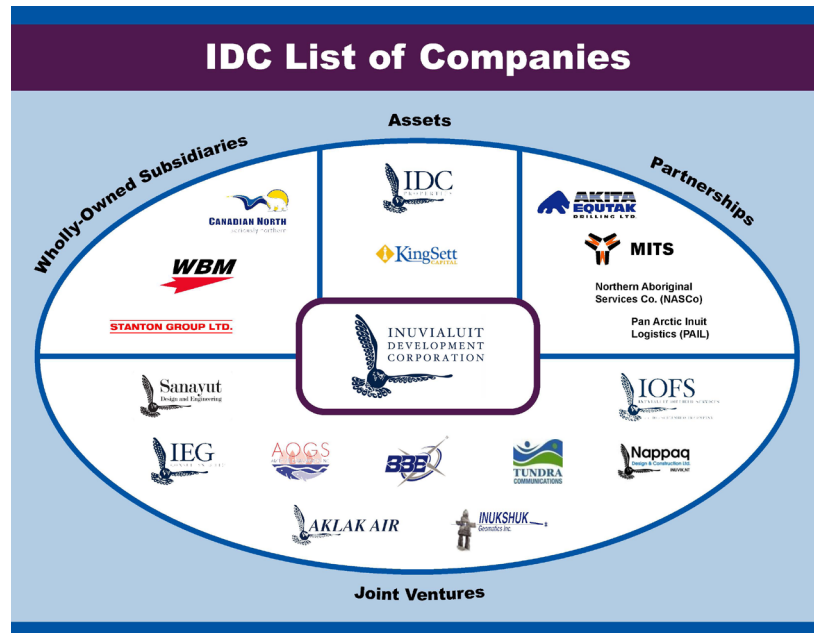
*When the IRC was established in 1984, the planned development of the oil and gas resources in the Beaufort Sea pointed to a future of rapid economic growth and, potentially, Inuvialuit prosperity. The anticipated energy boom did not occur, leaving the IRC and its development arm, the Inuvialuit Development Corporation, as the major proponents of regional economic development. The Inuvialuit became, in relatively short order, a major player in the economy of the Northwest Territories and the cornerstone of the Far Northwest.*

This is, more than anything, an inspirational example of how a group of Indigenous communities can convert a settlement into long-term stability and prosperity building for remote, small northern communities. In 1984, the idea of a major Indigenous corporation emerging from a negotiated agreement with the Government of Canada was far-fetched. The Inuvialuit demonstrated that appropriate compensation, combined with real authority in the hands of an Indigenous government, could spark economic development of benefit to the Indigenous peoples and the regional population.





Figure 1: IDC Companies List



Source: Inuvialuit Regional Corporation 2020

Canada is not alone in seeing the benefits of modern approaches, including recognizing Indigenous sovereignty. The United States has some of the most commercially successful Indigenous communities in the world. This reflects, among other influences, three key elements:

- The establishment of large reservations in the 19<sup>th</sup> century that gave some Native American<sup>4</sup> groups sizeable amounts of commercially viable lands;
- The acceptance of Indigenous sovereignty over their reservations, which provided a substantial level of financial freedom to their governments; and
- The Alaska Native Claims Settlement Act of 1971 that set up Indigenous-owned corporations, several of which have prospered in the post-1970s period through a combination of resource development and successful investment strategies. Although Native American groups lag well behind national averages in terms of income and quality of life indicators, there is a growing number of well-to-do communities, with several that produce substantial annual revenues.

*Example: The Mandan, Hidatsa, and Arikara Nation — also known as the Three Affiliated Tribes— North Dakota had an investment pool of \$1.7 billion set aside from tax revenues from oil and gas development on their reserve. They recently invested \$12 million to purchase 8.7 acres of land on the Las Vegas Strip, with planning underway for future development. This example is helpful in that it*

*shows the effectiveness of intergroup collaboration, joint economic development, and the identification of commercial opportunities located far from their traditional territories. The goal of the investment is to produce a steady revenue stream for the Mandan, Hidatsa, and Arikara Nation, which will be used for local social, cultural, and other activities. Their effort, equally, seeks to transform one-time and short-term revenue into long-term, sustainable income.*

The Americans, without clear planning in terms of empowering Indigenous nations, ended up with a somewhat useful system. It involved more substantial land allocations (i.e., reservations instead of reserves in the US West) and a quiet and unquestioning acceptance of Indigenous sovereignty over those lands. Recent agreements, with Alaska being the best example, established Native Corporations that have supported economic independence from the US government and, in some instances, produced substantial improvements in income.

In Canada, the concept of 'sovereignty' was captured by separatists in Quebec in the 1960s and 1970s, convincing national political leaders to shy away from pursuing such arrangements with Indigenous governments. Recent experiences, from Labrador and Northern Quebec through to the Nass Valley and Yukon, have shown the wisdom of institutionalized autonomy for Indigenous governments. The concept is well-suited to contemporary Indigenous needs and priorities and needs to be revitalized in Canada.

<sup>4</sup> See Pauls, E. Prine. "Tribal Nomenclature: American Indian, Native American, and First Nation." Encyclopedia Britannica, January 17, 2008. <https://www.britannica.com/topic/Tribal-Nomenclature-American-Indian-Native-American-and-First-Nation-1386025>.



## Start-up funding for ‘new-build’ nations:

In 2021, the Government of Canada made large-scale commitments to stimulus funding and to post-pandemic recovery. The 2021 federal budget included accelerated pandemic-related spending in excess of \$100 billion. Rebuilding First Nations have a unique and time-specific opportunity to secure funding for the development of physical and commercial infrastructure. In agreeing to the re-establishment of a First Nation, the Canadian government recognizes that that they mismanaged the legal and political rights of specific First Nation populations. Furthermore, in providing systems that permit Additions to Reserves and the extension of First Nations reserves, the Government of Canada has continued to recognize the importance of a land base for Indigenous residential, commercial, or political purposes.

Clearly, funding is required if a First Nation has any hope of successfully re-establishing a reserve as a central element in that First Nation's life. A new-build nation carries the reasonable expectation of raising additional Canadian public funds, as well as attracting private sector funds to develop commercial facilities. Investments without immediate or direct commercial return are, however, required at the start. Currently, these early investments have difficulty attracting private investors and, at present, Canadian public funding streams do not necessarily align with the needs of new-build nations. A special, modern, flexible arrangement is what is needed.

AZA, BNA, and LDMLFN could approach Canada for a one-time payment to establish the infrastructure and related services for their new-build nations. It should not, however, be the sole option; it ought to be packaged with other options highlighted above. That said, any funding request should be carefully developed and heavily promoted at the political level to ensure that the resulting new-build nation is sustainable going forward. The specifics of this allocation are outlined toward the end of this paper. But the funding must include the following elements, in the context of a rebuilding First Nation and a desired urban reserve:

- Funding for two to three years of start-up operations;
- Capital for the purchase of land for an urban reserve;
- Capital for a First Nation government administrative facility;
- Loan guarantees for emerging First Nations businesses; and
- A procurement agreement for Indigenous firms to supply services or products to the Government of Canada.

## Indigenous economic development and development corporations

First Nations are placing greater emphasis on for-profit activities, including those of community-owned businesses. In a growing number of cases, urban reserves, facilitated by the Government of Canada (and provincial and municipal authorities), have produced sizeable and sustainable revenue streams for First Nations governments. By expediting approvals and allocations and, critically, by providing access to investment capital and loan guarantees, the Government of Canada can play a major role in moving these initiatives forward.

Although Indigenous businesses follow commercial models and engage in the market economy, they often operate in a distinctive manner. In general, they place a higher priority on employment and long-term stability than non-Indigenous businesses do. Indigenous businesses typically try to hire Indigenous workers, to promote from within, and to reinvest in their community or home region. Some nations devote part of their commercial efforts to simple wealth creation. This is particularly the case for trust and related community wealth retention measures.

For good reasons, Indigenous peoples believe that promoting locally or community-owned business development is in the collective interest of their nation. There is particular and growing interest in the promotion of Indigenous economic development corporations. There are close to 300 of these corporations across the country. They typically operate as holding companies for the First Nation, managing one company, or more, and coordinating their commercial activities with First Nations governance activities. A significant number of these corporations have annual revenues above \$100 million a year, typically because of extensive connections to regional resource development activity. The most successful corporations build off major settlements (such as land claims, court rulings, and revenue-sharing payments), the commercialization of Indigenous rights (such as activities related to the Marshall decision of 1999 in the Maritimes), and the efforts to capitalize on local development opportunities. They build out from a commercial centre and, in many instances, develop integrated service, supply, retail, and other ventures that provide improved economic opportunities.

Canada can assist, or delay, Indigenous economic development (and involvement) through their control over regulatory processes, authorizing legislation, and permitting systems. Many Western Canada Indigenous communities are upset about federal interference in resource and infrastructure projects. By providing access to capacity building, initial market-entry business support, and financing, Canadian governments can greatly accelerate Indigenous commercial activity. The absence of these supports can effectively block opportunities. In the resource sector, these Canadian obligations have generally been passed on to resource companies, which provide support through impact and benefit or collaboration agreements. On the heels of the Marshall decision in the Maritimes, the Government of Canada bought licenses and quota from non-Indigenous fishers and allocated them to Indigenous communities. They provided training for fishers and ship operators, funded equipment purchases, and gave communities funding for docks and other infrastructure. The result has been, in 20 years, the emergence of a major First Nations presence in the industry and Indigenous ownership of the largest fishing company in Canada.

Strategic Canadian actions, in the form of licences and permits or targeted investments with and for First Nations, can (and has) result(ed) in rapid First Nations economic engagement. Importantly, these actions are taken on a business case basis, rather than as acts of charity or Canadian government benevolence. By purchasing quotas, licences, and equipment from non-Indigenous peoples, this approach also heads off non-Indigenous protests and provides for equitable and sustainable First Nations involvement in the economic sector.

Development corporations, often directly aided in their work by supportive Canadian governments, vary greatly in size, operations, and even values. Some are committed to producing wealth for the host community. Some emphasize employment and additional business development. And some try to balance wealth creation and local impact. The best-known corporations, including the Fort McKay Group of Companies, have capitalized on proximity to major urban centres or a large-scale resource project. Few Indigenous communities have the benefit of such circumstances.

*Example: The work of the Meadow Lake Tribal Council (MLTC) is particularly noteworthy. The largest regional centre, Meadow Lake, has a population of approximately 5,500 people. The Tribal Council represents nine communities in the North Central Region of Saskatchewan. The MLTC established MLTC Industrial Investments in 2012 with a mandate to promote economic growth and commercial engagement. Two of its wholly-owned companies —NorSask Forest Products and L&M Wood Products— are among the most high-value lumber operations in the country. Their current investments in renewable energy —MLTC Bioenergy Centre (a wood pellet energy and heating system) and MLTC Solar Farm<sup>5</sup> (an 815-Kw solar energy system that operates on a power purchase agreement with SaskPower)— hold considerable promise in meeting the energy needs of member communities and providing reliable revenue streams for the Tribal Council and the First Nations. MLTC Industrial Investments focuses on economic diversification with a strong emphasis on the promotion of First Nations employment and MLTC community empowerment. The catalyst for this impressive economic resurgence was the Government of Saskatchewan's non-competitive allocation of a tree-farm licence to the Meadow Lake Tribal Council. This hotly contested decision gave MLTC a foothold in the sector. The result was a region-leading economic venture and subsequent expansion to other fields.*

<sup>5</sup> "MLTCII provides managerial oversight support and guidance to MLTC Indigenous Services and RDI held companies on behalf of the shareholders." The two renewable energy companies are under MLTC Indigenous Services. Source: MLTCII. "Our Companies." Available online at <https://mltcii.com/portfolio/>.

## Revenue sharing between Canada and Indigenous peoples

The Government of Canada has repeatedly stated that they remain dedicated to “achieving a profound shift in the relationship between the Crown and First Nations, Inuit and Métis—a relationship based on the recognition of rights, respect, cooperation, and partnership” (CIRNAC 2019). What this means in terms of revenue sharing remains unclear.

It could be argued that existing payments (e.g., welfare, housing, economic development) deliver a form of revenue sharing. First Nations emphasize the fact that these payments come with substantial strings attached and impose Canadian control over their membership.

In recent years, Canadian governments at all levels have been more open to Indigenous requests/demands for a share of Canadian government revenues derived from resource development. These resources came from Indigenous peoples' traditional territories and the resulting development often caused/causes significant disruptions to Indigenous lives. Sharing Canadian resource revenues with Indigenous peoples is both morally appropriate and consistent with current Government of Canada thinking, modern treaty arrangements, and the United Nations Declaration on the Rights of Indigenous Peoples.<sup>6</sup> It should be noted that income from impact and benefit agreements or compensation accords is separate from securing a portion of the revenue that flows from project developers to Canadian government coffers.

There is no single approach to resource revenue sharing in Canada. Two of Canada's most resource-rich provinces, Alberta and Saskatchewan, do not have sharing arrangements. In British Columbia, settlements are reached on a project-by-project basis, with the revenue allocated to the community, or communities, directly affected by the project. In Yukon, the provisions of the modern treaties spell out the terms of revenue allocations with individual First Nations. The Northwest Territories combines sharing arrangements tied to modern treaties or interim resource development agreements with territory-wide allocations of a portion of Government of NWT revenue. In other provinces, resource revenue-sharing regimes are under discussion, particularly at the behest of the Indigenous nations, or negotiation. Once sharing arrangements are in place, Indigenous groups secure a percentage of provincial or territorial government revenues from resource developments—a potentially important but rarely lucrative source of own-source revenues for individual Indigenous nations (Poelzer and Coates 2015).

To this point, governments in Canada have not considered a sharing of general regional or national revenues, such as from income taxes, sales taxes, permits, fees, and other funding lines. Prosperity sharing in Canada, should it ever come to be, likely would be based on a holistic revenue allocation arrangement, in recognition of the obvious fact that all economic activity—including tourism, manufacturing, Canadian government operations, and infrastructure—operates on traditional Indigenous lands and should, therefore, be part of the calculation of funds owing to Indigenous peoples.

With specific mention to Ontario, resource revenue sharing agreements were signed in 2018 with Grand Council Treaty #3, Mushkegowuk Council, and Wabun Tribal Council, which represent 35 First Nations in Northern Ontario (Ontario 2022). Under these agreement, First Nations are set to receive:

- “45 % of annual revenue from contributing forest management groups
- 40 % of the annual mining tax and royalties from operational mines (at the time the agreements were signed)
- 45 % from future mines in the areas covered by the agreements” (ibid 2022).

Furthermore, these funds can be spent on capital or operating expenditures in the areas of economic development, community development, cultural development, education and health. While it is certainly considered a positive step that these agreements are in place, there are some noted issues. Comments have been made that point to an element of skepticism and distrust. For example, Travis Boissonneault, who is the regional deputy chief for the Lake Huron area, stated that there is little voice First Nations have in terms of the how, when and where of resource extraction (Ross 2022). As well, individuals have pointed to the role treaties need and should play. In particular, reference is made to the Robinson-Huron Treaty annuities case and the lack of resolution that has been made in that regard as the province appealed the Ontario Superior Court decision (Lamothe 2022; Sudbury.com staff 2022). In the Treaty, “a perpetual annuity was guaranteed as annual payment to the beneficiaries. An escalator provision was included in the Treaty to anticipate annuity increases when resource revenues increased” (Robinson Huron Treaty Litigation Fund n.d.).

So, where does this leave the province in terms of accountability? Well, in addition to addressing the important treaty pillar of the discussion that goes well beyond resource revenue sharing, there are several other

<sup>6</sup> See articles 19, 20 and 21 of the UNDRIP and the preamble to Bill C-15, An Act respecting the United Nations Declaration on the Rights of Indigenous Peoples.

ways. We can take a look at mining and environmental assessments (EA) in particular. According to Transparency International Canada, there were several identified risks for Ontario, primarily stemming from its EA process. It was stated that:

"Ontario is the only Canadian jurisdiction where an EA is not mandatory for private sector projects, with a few exemptions. Often, a mining project is only subject to class EAs, which evaluate the impacts of different portion of the project, and these class EAs are limited in scope and essentially preapproved. Proponents can make voluntary agreements to conduct a project EA, called an individual EA, for evaluating the project as a whole, but that happens less frequently. As a result, Ontario's EA framework leads to several critical risks in terms of process design, context and consultations" (Yaylaci, Forner, Cohen 2020).

From this process, the report identifies several risks, one of which being limited Indigenous community consultation undertaken in a meaningful way (ibid 2020). Recommendations to address this and other identified risks, include establishing criteria around what is meaningful consultation and how it can be applied in the EA process, defining what 'public interest' means, and creating engagement protocols with Indigenous communities, among other things (ibid 2020). All in all, defining these rules of engagement could help to clear the vague grey middle so that Indigenous peoples and the wider public have a way to hold the province accountable on projects that are impacting local communities and how the benefits of those projects are dispersed.

Overall, dramatic ideas have been proposed. For example, a proportionate allocation of total Canadian government revenues to Indigenous governments (likely based on a per capita allocation with an adjusted final payment based on the location and regional economic activity of specific First Nations, Métis, and Inuit communities) would secure a reliable, steady, and sustainable source of locally controlled revenue that would support and sustain community activities and requirements.

In July 2021, the Assembly of First Nations' National Chief, RoseAnne Archibald, suggested the idea of reparations for Indigenous peoples for past misdeeds by the Government of Canada (Jones 2021). This concept is widely and hotly debated in the United States, although more about slavery than the conquest of Indigenous peoples. A third option, not yet discussed nationally, would address the profound inequities in First Nations funding across the country, which are the result of a combination of treaty obligations, historical factors, political arrangements, and old-fashioned good

administrative 'luck.' Similar to the first option around allocation, this third option is the development of a model that would determine per community allocations based on national standards, using the federal transfer agreements associated with modern treaties as a guideline. These multiyear funding arrangements would provide certainty, flexibility, and autonomy to Indigenous communities, and funding for services to Indigenous governments comparable to the allocations to non-Indigenous public governments in Canada.

It is important to understand the scale of these ideas and the arguments for them. Indigenous communities are mired in multigenerational poverty. The wealth that has built the Canadian economy was not shared significantly with Indigenous peoples. Even the small changes secured through court action and negotiations over the past 40 years have not brought about major economic transformation. The question that remains is how to address the full impact of long-term economic marginalization and provide a path forward for Indigenous peoples and for the country. The three ideas, therefore, are complementary:

1. Compared to the second idea below, this option is more complicated but sustainable. Governments would allocate a percentage of their total revenue to First Nations to be distributed nationally based on per capita allocations and a distance/isolation factor. This funding would go directly to Indigenous governments for use on projects of local priority. It would be resource revenue sharing on a comprehensive basis.
2. Reparations, or compensation for historical injustice, in the form of one-time payments directed to individuals or communities. Allocating the funding to individuals would be unwieldy, complicated, and unlikely to achieve much more than a short-term income boost for eligible people with uncertain long-term benefits.
3. The third option, as noted above, would use the annual funding arrangements associated with modern treaties as a guideline (these treaties consider population, isolation/remoteness, and local economic opportunities) and would provide predetermined multiyear allocations to all Indigenous communities. The funding provided under modern treaties is substantially higher than under historic treaties, or in non-treaty areas, and provides Indigenous governments with the resources needed to support and sustain their communities (Poelzer and Coates 2015).



## Facilitating sharing between nations

Less developed is the concept of revenue sharing between and amongst First Nations. At present, geographic 'luck' is a prime determinant of community economic opportunity. Being located close to a mine, energy project, or urban area is often critical in defining commercial and revenue possibilities. A remote community that is located far from commercial activity invariably faces significant difficulties in building economic opportunity, although the development of a distant reserve addition or off-reserve investments can provide additional possibilities.

*Example: The Northwest Territories has a complex but effective means of resource revenue sharing. Until devolution in the early 21<sup>st</sup> century, resource revenue went directly to the Government of Canada. An indeterminate (but substantial) portion of those revenues came back to the Northwest Territories indirectly through transfers to the Government of the Northwest Territories. Post-devolution, the Government of the Northwest Territories and the Government of Canada share the resource revenues equally. As much as one quarter of the NWT government's share is then distributed to the participants in the Lands and Resources Devolution Agreement. The sharing occurs on a modified per capita basis, with adjustments for remote and smaller communities. In addition, the territorial government allocates significant portions of their resource revenues to Indigenous communities that have signed land claims agreements or the Interim Resource Development Agreement. These payments, drawn from the first \$2 million of resource revenue, vary according to the agreements (7.5 per cent to 12.25 per cent) and a much smaller allocation (1.5 per cent to 2.45 per cent) on resource revenues secured above this amount. The sums involved are important but are far from transformative. They range between \$6 million and \$12 million per year, depending on the economic vitality of the resource sector.*

In other parts of Canada, from the Innu of Labrador, to the Kaska of northern British Columbia and central Yukon, and to the Inuvialuit of the Western Arctic, Indigenous groups are seeking ways of sharing resources and wealth between nations. Under these emerging systems, which were created through negotiations with the Government of Canada and regional governments, revenue produced within Indigenous territories is to be pooled and allocated among the member communities, with an extra portion for the those most directly affected by the resource activity.

The Three First Nations (AZA, BNA, and LDMLFN) will quickly face major decisions about how best to manage the likely economic differentiation between them. Will the nations allow each community to develop independently, with inevitable income and wealth gaps, or will they build in prosperity-sharing arrangements to ensure a substantial measure of economic equality between and among them? Establishing such sharing arrangements is difficult and potentially divisive, requiring first-rate diplomacy and extensive consensus building. Canadian governments at all levels play a major role in determining if these collaborations succeed, in large measure by supporting, encouraging, or requiring regional cooperation among Indigenous groups.

*Example: The Eeyou (James Bay Cree) provide perhaps the best example in Canada of integrative inter-community activity. They were drawn together administratively by the signing of the James Bay and Northern Quebec Agreement (a land claims agreement) in the 1970s and represent some 18,000 people in 11 Cree communities (one, Washaw Sibi, is currently establishing its own community) and a vast territory on the eastern shore of James Bay and Hudson Bay, with connections to MoCreebec, which is in Ontario. Each settlement has its own government, with the elected representatives sitting on the Grand Council of the Crees and the Council of the Cree Nation Government. The group is led by the Grand Chief. The scale of James Bay Cree commercial operations is well-known, as are their aspirations, for they jointly own several companies, promote entrepreneurship, and produce economies of scale by working collectively. In 2020, the Cree signed a \$4.7-billion agreement with the Government of Quebec to expand regional infrastructure, connect remote settlements to the south, and spark greater northern development activity with assured Cree involvement.*

Figure 2: The Grand Alliance, Northern Quebec



Source: Bell and Longchap, 2020.

## Urban reserves

In the right environment and with the right amount of strategically located land at their disposal, First Nations could turn to private sector funders to develop projects that could support the community well into the future. It is not clear that there is an obvious opportunity in Northwestern Ontario. Consider, however, the project developed by the Squamish First Nation on regained land in the City of Vancouver. With substantial private investment, Squamish First Nation is building a multibillion-dollar residential complex targeted at the rental market. The long-term financial returns from this project (recall, as well, that this First Nation has substantial landholdings and business operations in the Vancouver to Whistler corridor) will effectively endow social, cultural, educational, and economic development programs for the Squamish people into the distant future. If an appropriate investment can be identified—and it is likely to be outside of Northern Ontario—such a mobilization of Indigenous rights, First Nations lands, and private capital could create the reliable funding needed to provide high-quality services to the members. Canadian governments play a secondary role in these situations, facilitating rather than leading the collaborations between Indigenous governments and the business sector. In some instances, particularly in the natural resource sector, this means less Canadian engagement and involvement rather than more.

Many First Nation communities have strong entrepreneurial abilities and a nation-leading commitment to collective commercial action. But they require select, often-missing elements: an appropriate and commercially viable land base, and the financial resources required to launch and support emerging businesses and capacity building. The case for an urban reserve for the Three First Nations is made, at length, early on in the series. Suffice it to say that this approach has been adopted, particularly in the prairies, often with substantial success in terms of employment, business development, and community well-being.

*Example: The scale of the Squamish First Nation's Senakw residential project is unique in Canada, but it reflects an interesting blend of First Nation initiative, private sector financial support, and local acceptance. The Squamish fought for years to have a large (12 acre) property in Vancouver returned to their control. The four-million-square-foot project, which did not require City of Vancouver regulatory approval, was approved in 2019. The Squamish lacked the financing necessary to build the complex, but they secured backing from the Westbank Corp. The initiative is impressive—12 towers with a maximum height of 59 storeys that include close to 600 apartments, a variety of retail and office spaces, restaurants, and services. The project does not conform to all City of Vancouver requirements, such as parking spaces, allowing the developers to reduce the cost of construction and purchase/rental prices.*

## Incubating local Indigenous business

Economies must be built from the bottom up, meaning that the governments of Canada must support First Nations' entrepreneurial activity, either individually or collective. Economic development corporations are an obvious option, as are local business promotion initiatives and the effective use of First Nations government procurement and investments. Joint ventures with local and regional non-Indigenous partners have proven highly successful in building employment, Indigenous business skills, and collaboration with non-Indigenous people. Canada can assist by supporting workshops, start-up business funding, access to capital, and an Indigenous commercial incubator (including a facility). But entrepreneurship cannot be forced into a specific location or region.

The Three First Nations have largely urbanized populations, which is an advantage from a commercial perspective. Save for resource development projects, most emerging economic activities will be in urban, if not metropolitan, areas. The ability of the Three First Nations to tap into a geographically dispersed population should support collective commercialization activities. Possibilities, in practise across Canada, include establishing community-owned Indigenous economic development corporations; creating a sovereign wealth fund to hold community funds on a long-term basis; providing business development funds for member-owned businesses (on a full business case basis) through collaborations with Canadian governments and private financial institutions; opening Indigenous-focused business incubators (complete with office and working spaces); and using First Nations procurement to support emerging Indigenous businesses.

*Example: The Yukonstruct initiative, based in Whitehorse, Yukon, is not specific to First Nations. But it is a small-scale option that would appeal to the Three First Nations, providing technical and financial support, a 'maker space' so that companies can use shared facilities, and access to Canadian government programs. The First Nations Bank of Canada has Indigenous-first funding available on a business case basis and could be a valuable commercial partner. The First Nations could look at the Native Corporations established in Alaska under the Alaska Native Claims Settlement Act. These corporations have been, in some instances, highly successful at capitalizing on local and regional economic opportunities. In Canada, the experiences of the Membertou First Nation (Nova Scotia), James Bay Cree (Northern Quebec), White Cap First Nation (Saskatchewan), and the Osoyoos First Nation (British Columbia) are quite relevant to the Northern Ontario situation.*



## Seeking capital: Canada, First Nations, and funding from the banks and financial institutions

In recent years, private sector financial institutions have stepped in to provide more financial support for Indigenous governments, but typically only with substantial backing by the Government of Canada or provincial authorities. The level of available financial support lags well behind that available to non-Indigenous communities and organizations. Most First Nations continue to rely heavily on federal and other Canadian governmental loans and commercial guarantees, substantially because First Nations cannot use reserve lands as collateral for private or commercial loans. Private financial institutions have been slow to provide risk and investment capital for Indigenous peoples and typically come in with financial support only after the commercial ventures have been proven over a significant period. The major banks in Canada have offices set up and senior administrative positions staffed to support Indigenous governments and businesses, although their operations continue to reflect the inherent conservatism of the sector. They tend to be reluctant first movers on Indigenous investments, although they are often reliable funders of stable and established First Nations businesses and governments. Indigenous financial institutions, including the First Nations Bank of Canada, are not attuned to Indigenous commercial styles, community requirements, and legal-political constraints. Indigenous organizations such as the First Nations Major Projects Coalition and the First Nations Financial Authority have played major roles in securing substantial funding for Indigenous projects, though.

Collaborative Indigenous ventures, including the First Nations' purchase of shares in Hydro One and the Indigenous-owned Wataynikaneyap Power Transmission Project, show that it is possible for First Nations to secure hundreds of millions of dollars in investment capital. Two decades ago, such funding was extremely difficult to get. Although significant barriers exist, particularly for newly re-established First Nations that do not have long-term financial and administrative records, private sector funding is more readily available than in the past.

Although private sector funding is not available at the same speed and scale as for non-Indigenous businesses and organizations, it is part of financial solution building for First Nations governments and businesses. Most First Nations, particularly those without substantial track records of commercial achievement, have difficulty accessing private sector financing, although the emergence of Indigenous-controlled institutions holds the promise of more culturally informed support. Canadian governments play a major role in addressing issues related to private sector financing by providing access to investment capital, loan guarantees, joint ventures, or favourable terms. The arrangements are now well-established across Canada and include the following:

- Specialized funding for Indigenous economic development;
- Loans or loan guarantees for Indigenous-owned businesses and/or communities;
- Access to Canadian government interest rates (below market) to improve the viability of projects; and
- Collaborations with Indigenous governments to promote projects to investors.

There are many such programs across the country. The Government of British Columbia established a fund with an initial capitalization of \$100 million to support Indigenous economic development projects. The Alberta Indigenous Opportunities Corporation, with an initial capitalization of \$1 billion, provides Indigenous communities across Canada with funding for resource-related development projects. And Quebec has the Aboriginal Initiatives Fund.

There are several options the Three First Nations can consider within Ontario. For example, Ontario's Indigenous Economic Development Fund supports economic development and improves opportunities for Indigenous peoples, focusing on economic diversification, employment, and training, and fostering private-public-Indigenous cooperation in the interests of Indigenous economic development. The Indigenous Community Capital Grants Program supports capital projects that improve social conditions and support Indigenous economic engagement, and it can potentially cover initial studies, design, and construction. Ontario also provides the Aboriginal Participation Fund to encourage Indigenous engagement in the natural resource sector, particularly in mining and mining-related economic development. In this instance, financial support is provided for exploration and early-stage development. And Ontario's New Relationship Fund supports the engagement capacity of Indigenous communities and promotes business partnerships, including between Indigenous and non-Indigenous businesses.



## Joint Ventures

At the local level, First Nation political and administrative leaders cannot wait for major and dramatic shifts in political-economic relationships with the Government of Canada and the provinces and territories. Nor, based on the evidence of the past 40+ years, can they rely on a regularly changing slate of public programs, application procedures, and accountability procedures. There are significant economic development options available to First Nations, including the encouragement of local economic activity, the development of urban reserves, and investing heavily in personal advancement through education, training, and professional upgrading. These are important, but incremental, changes and they will slowly improve Indigenous socioeconomic well-being.

Federal, provincial/territorial, and municipal governments play crucial economic roles in Canada. Comparatively, First Nations typically rely on the Canadian federal government for support or financing. Given this dynamic, there is little economic collaboration such as through public-private partnerships, and between First Nations and Canadian governments at all levels.

Major partnerships, such as with the Meno Ya Win Health Centre in Sioux Lookout, Ontario, create economic opportunity and provide a major symbol of reconciliation (Meno Ya Win Health Centre 2016). Joint venture bids by First Nations on Canadian infrastructure, such as the Duchesnay Creek bridge near North Bay, Ontario, create wealth and expand skills and commercial capacity for future ventures (Wilson 2019).

The Māori of New Zealand have one of the highest levels of economic engagement and standards of living of Indigenous peoples in the world. However, their economic relationship with the Government of New Zealand was not always balanced. The Treaty of Waitangi, signed in 1840 with the goal of establishing a bicultural country, sat in abeyance for over 140 years, revived only with substantial Māori protest. As the Government of New Zealand wrestled with the challenges of creating economic space for the Māori, whose standard of living lagged well behind national norms, few options were at hand. New Zealand agreed to a nationwide treaty process that provided small parcels of land and financial compensation to the iwi (tribes). As well, in keeping with its treaty obligation to share natural resources, New Zealand provided a cash settlement that the Māori used to purchase 50 per cent ownership in a Crown corporation, Sealord. Over the following decades, the company became a major contributor to Māori economic and business development.

*Example: Sealord, a New Zealand company, is one of the best international examples of the commercialization of Indigenous rights. Under the Treaty of Waitangi settlement processes, the Māori were provided 50 per cent ownership of the country's largest fishing company. The other half is now owned by Nippon Suisan Kaisha, Ltd (Nissui). Fish quotas are assigned to iwi (a rough equivalent of tribes), who can fish the quota themselves or lease the quota to others. In 2019, 37 of the country's iwi assigned 60 per cent of their quota to Sealord, with the company agreeing to provide 80 per cent of profits from the harvesting back to the iwi. The sums, while significant, are not overly large. The Iwi Collective, a group of 18 iwi, anticipate a return of about \$500,000 NZ per year. The Sealord example is a good illustration of collectively held commercial rights and the efforts that have been made to incorporate disparate Indigenous communities into the business operations.*



## Procurement & purchase agreements

Many First Nations have waited too long for Canadian involvement and are aggressively seeking greater own-source revenues. In this scenario, the First Nations facilitate and encourage economic development, the proceeds of which come directly to the First Nations. Canadians are not used to seeing Indigenous peoples engaged in large scale commercial ventures. But in the field of renewable energy—such as wind and solar farms, geothermal projects, and run-of-the-river hydro plants—Indigenous communities are at the forefront of major investments. The Canadian role in many such projects is often limited to that of a customer, in some cases a guaranteed customer, but still just a customer.

*Example: Henvey Inlet First Nation, located near Parry Sound, Ontario, has just switched on the largest wind farm in Canada. Built at a cost of more than \$1 billion by an equal partnership established by the First Nation and Pattern Energy Group, the 87-storey tower complex covers approximately 20,000 hectares. The First Nation has insisted on a 'best-in-class' set of environmental requirements and protections that matches the ecological ethos of the wind farm. Henvey Inlet First Nation expects to receive close to \$10 million per year in annual returns, providing an economic foundation for community governance and service provision. In several instances, this entrepreneurial activity has pushed direct Canadian funding into the background.*

Another example is the Government of Saskatchewan and SaskPower have established substantial holdbacks for Indigenous-produced energy. Providing both preferred access to Saskatchewan-run utilities and above-market prices for renewable energy creates incentives for Indigenous nations to enter the field. As experience across the country has shown, this is not unique to Indigenous communities but has become commonplace with individual and collective renewable energy installations. In this way, Canadian governments use their control of utilities and energy sales to ensure Indigenous nations gain access to a potentially lucrative, long-term funding and business development opportunity. In Ontario, this has included the sale of a significant percentage of the ownership of Hydro One to First Nations in the province.

**Figure 3: Henvey Inlet First Nation wind farm**



Source: "Henvey Inlet 2." Wikipedia.

## Beyond procurement, fee-based program delivery

Canada is not the only country where Indigenous peoples are seeking a greater measure of economic justice and opportunity. There are over 300 million Indigenous and tribal peoples around the world. In some areas, including South Asia and much of Africa, Indigenous peoples lack the most basic of rights, rarely control traditional territories, and remain economically marginalized. Countries such as Brazil, Russia, and China provide a measure of legislative recognition of Indigenous communities, but socioeconomic and cultural outcomes remain poor, and these communities remain at risk of continued decline and impoverishment. The more prosperous liberal democracies—Australia, New Zealand, Scandinavia (Norway, Finland, and Sweden), and the United States—have done much more to build Indigenous economic opportunity. These countries, like Canada, moved slowly from welfare state intervention to national support for Indigenous engagement, and to the recognition of Indigenous rights to resources and revenue.

Australia resisted Indigenous rights and claims for many years, sparking lengthy legal conflicts over Indigenous title and their role in the development of traditional lands. The federal and state/territorial governments have, in the last few decades, been more supportive of Indigenous aspirations. At the same time, a small number of commercially active Aboriginal<sup>7</sup> communities have engaged more directly with resource companies. The results parallel those in Canada: a small number of communities, located proximate to major resource developments, with significant but only emerging economic opportunities, and a much larger group of communities dependent on federal transfers and with little direct engagement in the commercial economy. Compared to the communities that are dependent on transfers, there is a growing urban Aboriginal population in Australia that is more extensively connected to the mainstream economy, with signs of increased personal and family prosperity.

*Example: The Yawuru people are attached to the Kimberley region in Western Australia, with many of their activities focused on the town of Broome. They are a traditional people with strong access to the land and a continuing emphasis on harvesting activities. But with a growing urban population, sizeable socioeconomic disparities with the non-Indigenous people, and strong pressures to support natural resource development, they have placed increased emphasis on business development and social service provision. The Yawuru are promoting a creative approach to social services, in which they provide support programs and are paid by Australia for the degree to which those programs reduce demands on state-funded activities. For example, if a prison-diversion program resulted in a sharp decline in the number of incarcerated members, Australia would pay the Yawuru service providers for the savings. With dynamic commercial leadership, the Yawuru have expanded their economic presence. They are working on joint ventures with regional companies, international business development initiatives, and a forward-looking Indigenous development strategy that is designed around mabu liyan values.<sup>8</sup> The Yawuru have been particularly active in promoting Indigenous procurement and have shown a desire to be actively involved in technology-based service and business activities.*

<sup>7</sup> Term utilized in Australia.

<sup>8</sup> Mabu liyan defines relationships for families, country and with others more generally. It “provides the signs and signals of a pathway in life, a life anchored in responsibilities and obligations under Yawuru law, custom and culture. It is the basis of Yawuru resilience because it gives meaning to Yawuru life through a sense of belonging to Yawuru society. Mabu liyan expresses as emotional strength, dignity and pride. Good liyan is attained when connected to family, community and country.” Source: Nyamba Buru Yawuru Ltd. “Mabu Liyan: The basis of Yawuru Resilience.” Edmund Rice Centre. Available online at [https://www.erc.org.au/mabu\\_liyan\\_the\\_basis\\_of\\_yawuru\\_resilience](https://www.erc.org.au/mabu_liyan_the_basis_of_yawuru_resilience).





Success in creating economic space for First Nations is clearly possible, but not yet assured. A few examples illustrate the costs of inaction and the potential benefits of proper Canadian support and action.

*Example: When the Government of Canada legalized the sale of marijuana, First Nations approached the federal, provincial, and territorial governments to 'set aside' a substantial percentage of the total licences for Indigenous peoples. The argument was simple: Canadian policies kept people out of the free enterprise economy for generations; new and emerging sectors provide a new and simple opportunity for Canadian governments to address a generations-long injustice. Although a small number of Indigenous communities, governments, and development corporations secured licences, the Indigenous approach was not accepted. The lost opportunities represent hundreds of millions of dollars in long-term revenue.*

*Example: More successfully, the insistence by Saskatchewan First Nations that the provincial government recognize the Indigenous right to run gaming operations led to the creation of the Saskatchewan Indian Gaming Authority (SIGA). SIGA is owned collectively by the First Nations in Saskatchewan and generates close to \$1 million a year in (non-pandemic) annual returns, is a major employer of Indigenous peoples, and has spun off numerous companies. Provincial acceptance, however reluctant, of the concept of Indigenous gaming operations was the trigger that launched this initiative.*

*Example: The Government of British Columbia has explicitly recognized collective Indigenous rights to the 'air' over their traditional lands in the Great Bear Rainforest and on Haida Gwaii. The opportunity to exercise atmospheric rights is significant in the context of climate change and the commercialization of carbon offsets. Indigenous communities in Canada are currently in negotiations with private companies on how to best translate this recognized right into commercial returns. The social enterprise nature of this initiative includes employment and capacity-building for Indigenous communities, improved environmental management of the forests in line with Indigenous knowledge and practices, and the allocation of substantial profits to Indigenous governments for use on key local priorities.*

Growing international and corporate awareness of Indigenous, environmental, and societal challenges has encouraged greater social entrepreneurship. These investments require Canadian government encouragement and, in some instances, regulatory assistance to facilitate engagement. International companies, banks, and governments are increasingly interested in supporting Indigenous peoples, ideally on a commercial basis. Consider a promising economic opportunity currently being discussed (at the time of writing) with several Indigenous groups in Canada. International firms are seeking carbon credits to offset the environmental impacts of their industrial, consumptive, or extractive activities. First Nations, with substantial land and resource rights, have secure atmospheric rights that can be commercialized through carbon credit systems. While the money involved would obviously depend on the size of the land available, the quality of the land, and the nature of the forests, the sums are considerable. Based on one company's estimates with a sub-Arctic region, a First Nation could secure between \$50 million and \$100 million a year, with the returns assured well into the future.<sup>9</sup> There are other possibilities, tied to climate change and environmental considerations, that could mobilize sizeable sums for the economic benefit of First Nations. Thus, international social entrepreneurship could play a significant role in the future of Indigenous populations.

<sup>9</sup> The name of the company and the Indigenous communities involved are confidential at present.

# Is economic and social equality possible for First Nations in Canada?

First Nations are working through the multilayered processes of establishing and capitalizing on Indigenous rights, rebuilding communities and governments, establishing self-governing institutions, and improving prosperity. And they are doing so in the context of the paternalism and residual racism with which Canadian governments and the population at large approach Indigenous affairs. Tackling multiple challenges simultaneously, with limited human resource capacity and numerous community-based issues, is a remarkably daunting task, but this is what First Nations are doing across the country. Chronically underfunded, with staff members overworked by their complex assignments and enormous work pressures, Indigenous governments must navigate incredibly difficult commercial, political, and legal environments, consistently facing barriers and coping with legacies that no non-Indigenous governments in Canada must address. Producing economic opportunity and major commercial outcomes for a First Nation in this context is a formidable task. Yet the effort is essential if the First Nations are to reach their laudable goal of socioeconomic opportunity and approximate parity with non-Indigenous Canadians. Far too little attention is paid to the cumulative challenges that must be overcome. All the standard approaches to Indigenous economic development, imbedded in complex programs and application procedures and incremental at best, are unlikely to provide workable solutions.

Despite these challenges, there are reasons for optimism, both at the community level and nationwide. The key elements working in favour of Indigenous peoples are as follows:

- The determination and resilience of First Nations peoples, communities, and governments. Even with the odds stacked against them, and despite years of Canadian intervention, paternalism, and racism, First Nations keep pushing forward.
- Support from Canada: Financial and other assistance provided by the Government of Canada are at all-time highs. Canada is supportive of Indigenous self-government, reconciliation, and compensation for historical wrongs. At no time in Canadian history has the Government of Canada combined the willingness to commit substantial, multiyear funds with acceptance (still somewhat reluctant) of Indigenous self-government.
- Multiyear funding models: One of the fundamental challenges facing Indigenous communities and governments has been uncertain and unreliable funding from Canada. The Government of Canada has recently supported longer (up to ten year) funding arrangements, which provide greater continuity and reliability, allowing for multiyear planning and long-term development strategies. The Cowessess First Nation in Saskatchewan, for example, recently negotiated a five-year renewable agreement totalling \$25 million to support their assumption of control over Child and Family Services. Communities with modern treaties, including those in Yukon, have multiyear financial transfer agreements that provide a high level of certainty and flexibility to community administrators. Some, like the Teslin Tlingit Council have renegotiated original agreements. This is what happened in 2017-2019 when the Council took the Government of Canada to court, successfully, to compel a renegotiation of their original agreement, based largely on the question of member eligibility. Overall, as Indigenous Services Canada noted in Budget 2021, the long-term approach is becoming the 'new normal' in Canadian operations:

*"To help advance a new fiscal relationship with First Nations, a new 10-year grant funding mechanism was implemented in 2019. The government has also committed to escalate the 10-year grants to address price and population growth, and ensure that funding keeps pace with the needs of First Nations. Budget 2021 proposes to provide \$2.7 billion over ten years, starting in 2021-22, to ensure that funding for core programs and services provided through the 10-year grants addresses key cost drivers. Escalation will be based on inflation and the population of each community, but a minimum of 2 per cent annual growth will be provided to ensure that First Nations within the grant receive stable and predictable funding. This will strengthen communities' ability to design and deliver services in a manner that reflects community priorities" (Department of Finance Canada 2021).*

- Private sector and social entrepreneurship engagement: For the first time in Canadian history, after centuries of marginalization and entrenched poverty, the private sector is showing broad commitment to economic reconciliation and a willingness to engage with Indigenous communities and governments. Corporate involvement, combined with a growing pattern of social entrepreneurship, opens the possibility of increased investment in Indigenous businesses and community development.
- Growing Canadian acceptance of Indigenous prosperity: The impressive commercial and economic achievements of some First Nations — Membertou (NS), Westbank and Osoyoos (BC), Champagne and Aishihik (YT), Fort McKay (AB)— have made Canadians more comfortable with Indigenous entrepreneurship and prosperity. It is distressing that this was not the case only a few years ago, but it is encouraging that attitudes and values have tipped in a positive direction.
- Valuable international models: Indigenous peoples in Canada are not alone, and their counterparts around the world typically share in their experiences with marginalization. But successful models, based on a combination of rights recognition, Indigenous self-government, entrepreneurship, and Canadian government and public support, have emerged that can either inspire community and/or Canadian government action or draw non-Indigenous support.

The situation is far from ideal, however, as First Nations have significant reasons for concern. These include:

- Residual non-Indigenous disapproval of Indigenous programs: Support for Indigenous economic and commercial development is far from uniform. There are substantial pockets of resistance in non-Indigenous society and even within various Canadian governments. The policies required for transformative change, such as giving Indigenous communities priority in new areas of the economy, will not secure uniform or even wide-spread enthusiasm.
- Living with the reality of systemic racism: Despite obvious improvements, First Nations live with routine, even systemic, experiences of racism and discrimination. These harsh and sombre conditions serve as a significant brake on Indigenous economic improvement.
- Nested challenges: For the First Nations in Northwestern Ontario, general and nationwide challenges are compounded by the global decline of rural, northern, and small-town communities. The movement of First Nation peoples from reserves into the country's cities and larger towns complicates the task of revitalizing local economies.
- Canada's evolving approach to natural resource development: In recent years, the Government of Canada's robust climate change agenda has resulted in an unenthusiastic approach to resource development. Although some of the measures, including Bill C-48, were ostensibly designed to increase Indigenous decision-making authority, the reality is that most Indigenous communities and much of the northern parts of the country rely on mining, forestry, and hydroelectric power generation. Barriers to natural resource development are restrictions on First Nations economic expansion and empowerment.





## Next steps

The national transformative approach, while compelling and necessary, is unlikely in the short term. It is vital, therefore, that First Nations implement practical strategies for improving economic opportunities. Key opportunities, many of which are under development or are being considered by the Three First Nations and other First Nations, include the following:

- Creative investing beyond local boundaries: Urban reserves are only the most high-profile example of First Nations pursuing economic opportunity in distant locations. However, that doesn't mean investment stops at the boundaries. Larger economic development corporations have substantial investments in external, even international, companies, buildings, and infrastructure projects. It is important, therefore, to seek opportunities outside the boundaries of the reserve or even the local community.
- Creating new financial partnerships with Canadian governments at all levels: Federal, provincial/territorial, and municipal governments play crucial economic roles in Canada. Comparatively, First Nations typically rely on the Canadian federal government for support or financing. Given this dynamic, there is little economic collaboration such as through public-private partnerships, and between First Nations and Canadian governments at all levels. Major partnerships, such as with the Meno Ya Win Health Centre in Sioux Lookout, Ontario, create economic opportunity and provide a major symbol of reconciliation.
- Regaining economic control: Collaborative action by First Nations is essential to long-term revitalization. The shared initiatives of the Three First Nations are an excellent starting point. There are increased examples of collaboration between nations, including proposed pipeline purchases, the work of the First Nations Major Projects Coalition, major real estate developments, and various commercial joint ventures. Individually, most First Nations are too small to capitalize on commercial opportunities. Joining together creates economies of scale, improves investment possibilities, distributes risk, and supports larger commercial projects than would otherwise be realistic.



## Final Considerations

The commentary above is general and conceptual in nature. It is valuable to weigh more detailed options. The following thoughts draw on the experiences of First Nations from across the country, with the goal of providing guidance to AZA, BNA, and LDMLFN as they approach the Government of Canada with a rebuilding proposal. In formulating these recommendations and reflecting on developments in federal policy and program priorities in recent years, consideration is also given to a series of constraints and opportunities that could influence the conversations between First Nations and Canada.

1. If appropriate, shared and collaborative efforts should be emphasized. In recent years, the Government of Canada has sought a balance between discussions with individual First Nations and a preference for economy-of-scale arrangements with multiple First Nations over regional authorities (i.e., Tribal councils). The Three First Nations are in a good position to pursue this approach, most likely on a subset of services where collaboration makes both economic and political sense.
2. Emphasis should be on the eventual transition from the start-up phase to future growth and the 'taking down' of federal responsibilities. Over time, First Nations operations will or could grow dramatically. First Nations that take over responsibility for key services—education, health care, policing, etc.—can grow in complexity, and effectiveness, perhaps even in size. From the outset, the Three First Nations should assume that they will add duties, and budgets, in relatively short order.
3. It is important to not establish a ceiling on future funding. Growth in First Nations needs is inevitable, but federal funding growth has not kept pace in recent years. It is important that consideration be given to downstream financial considerations.
4. The Government of Canada's willingness to pay must be considered and should be balanced against the First Nations' sense of what is deserved or appropriate. This is the hardest point to factor into negotiations, particularly given the quite open-ended approach to federal spending taken by the Government of Canada in 2020-2021.

5. Setting the right starting point is crucial and will determine the future of the Three First Nations. As the First Nations know, the starting point for the establishment of a First Nations government is crucial. Subsequent funding allocations and, therefore, services to First Nations will be based on this initial budget. Furthermore, without establishing an appropriate base in the first instance, the First Nations will have difficulty functioning effectively.
6. Equity is a prime consideration. The Government of Canada operates in a public and transparent manner regarding core funding arrangements. Anything offered to one community will likely be quickly demanded by other communities, particularly in contiguous regions. As such Canadian officials may be reluctant to meet legitimate requests due to concerns about the flow-on impact of any such concessions.

The Three First Nations face a crucial set of negotiations in the months ahead. The arrangements set out with the Government of Canada will establish the foundation for the nations' service capacity and for the future of their members. The Three First Nations can either start near the beginning of the long journey toward autonomy and financial independence or, capitalizing on Canada's duty to set things right for the mistakes of the past, they could draw on the lessons from other Indigenous communities and establish a trajectory that recognizes their current capacity and needs, grows with them as their services expand, and sets the First Nations on a course to long-term independence and cultural renewal. The Government of Canada has the capacity to work with the Three First Nations to ensure that the rebuilding processes are full and properly launched. The path described in this report matches but does not exceed arrangements in place across the country, provides for 'catch up' provisions to address historical injustices, and fosters a real and sustainable partnership with the Government of Canada.

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