

## INTRODUCTION

On April 25, 2022, the House of Commons Standing Committee on Indigenous and Northern Affairs (the Committee) submitted its report, entitled, *Barriers to Economic Development in Indigenous Communities*. The Government of Canada thanks the Committee for its examination of the issues surrounding economic development in Indigenous communities, for hearing the evidence from witnesses, and for compiling the twenty-six (26) recommendations outlined in the Report.

The Government is committed to achieving reconciliation with Indigenous Peoples through a renewed, nation-to-nation, government-to-government, Inuit-Crown relationship based on the recognition of rights, respect, co-operation, and partnership. A key aspect of this journey is enabling economic development activity, eliminating barriers, addressing socio-economic gaps between Indigenous and non-Indigenous Peoples, supporting self-determination, and achieving economic prosperity for everyone.

The Government recognizes that a prerequisite for successful and sustainable economic development is the ability of Indigenous Peoples to advance self-determination and exercise their inherent right to self-government, and the Government supports Indigenous Peoples in the exercise of their inherent right, including through capacity development. Sustainable economic development is also facilitated by Indigenous communities developing strong institutions that can support and sustain social and economic growth. The Government is committed to supporting existing institutions and working with Indigenous partners to co-develop options for new institutions where gaps exist, such as the proposed establishment of a First Nations-led infrastructure institution.

While the Committee's Report is largely based on the testimony of First Nations and Métis representatives, the Government acknowledges that all Indigenous Peoples face significant barriers to their economic development. These barriers include insufficient access to capital, land, and adequate infrastructure of all kinds. As well, there are distinct geographic and other barriers specific to First Nations, Inuit, Métis, northern, and remote communities. For this reason, the Government is committed to working in partnership with Indigenous communities and organizations across the country to address these barriers. The Government, led by the Minister of Indigenous Services, will work to analyze and, as appropriate, adjust eligibility criteria to ensure that existing programs are as inclusive as possible.

The way forward for inclusive economic growth is becoming clearer as a result of the Committee's Report and the advancement of Indigenous-led economic development strategies. The *National Indigenous Economic Strategy for Canada* (NIES), which was released on June 9, 2022, by the National Indigenous Economic Development Board (NIEDB), and was developed by a core group of Indigenous economic development organizations, sets out four Strategic Pathways, which include People, Lands, Infrastructure and Finance, and outlines 107 Calls to Economic Prosperity to achieve "socioeconomic parity for Indigenous Peoples in Canada." Renewed efforts are also underway to re-establish the Métis Economic Development Strategy between the Métis National Council and the Government of Canada. For Inuit, there is a continued focus on the Inuit-Crown Partnership Committee and the Inuit Nunangat Policy. In addition, the economic and infrastructure elements of both Canada's Arctic and Northern Policy Framework and the Pan-Territorial Growth Strategy are relevant to Inuit, First Nations, and Métis populations and organizations in the North and Arctic.

While the *Indian Act* has had the effect of removing First Nations from the Canadian economy, First Nations and their institutions are now creating pathways back in. Examples include the Assembly of First Nations' proposed Economic Growth and Prosperity Table which advocates for meaningful dialogue to identify opportunities for new approaches to revenue and benefit sharing, or the *First Nations Fiscal Management Act*, which came into force in 2006, and has been successful at supporting First Nations to advance their self-determination and develop thriving economies, so that they are managing wealth instead of poverty. To date, 325 First Nations have chosen to participate in the regime established in the legislation.

Similarly, the 1996 Framework Agreement on First Nation Land Management, as ratified by Canada in 1999 through the *First Nations Land Management Act*, provides a legislative framework to address barriers to economic development by enabling First Nations to assert jurisdiction over their lands and resources. The Framework Agreement has proven to be an effective mechanism for First Nations to develop their own land codes and set of laws, with support from the Lands Advisory Board, an Indigenous organization providing assistance and funding to signatory First Nations. The Framework Agreement replaces 44 sections of the *Indian Act* related to the management of land, environment and natural resources. The Government is also committed to renewing the *First Nations Land Management Act* so that it better reflects the Framework Agreement for First Nation Land Management and provides greater tools for First Nations to manage and develop their own lands.

The First Nations fiscal institutions created under the *First Nations Fiscal Management Act* (First Nations Financial Management Board, First Nations Finance Authority and the First Nations Tax Commission) along with the Lands Advisory Board are essential partners in the assertion of jurisdiction by communities by supporting capacity as well as providing effective tools and frameworks for fiscal and land governance. In addition, Indigenous-led financial organizations such as the National Aboriginal Capital Corporations Association, the Métis Capital Corporations and Aboriginal Financial Institutions, provide essential supports to Indigenous entrepreneurs to overcome the individual barriers that they face. Indigenous-led professional associations and organizations, such as the Aboriginal Financial Officers Association of Canada, and the Tulo Centre of Indigenous Economics, are examples of other key enablers for the knowledge transfer needed to successfully close socio-economic barriers.

As we look with guarded optimism to the future, we must also acknowledge the recent, and disproportionate, impact that the COVID 19 pandemic has had on both established and burgeoning Indigenous economic development activities. Over the past two years, the Government of Canada has invested over \$900 million to support Indigenous businesses and community economic development, and to help offset some of the losses and interrupted momentum they experienced. \$306 million in Covid 19 relief funding was made available to small and medium sized Indigenous businesses in early 2020; \$117 million was made available under the Indigenous Community Business Fund in 2020 (and renewed for 2021); \$50 million in funding was set aside for Indigenous businesses in the tourism industry; and, \$332.8 million was announced in 2021 to help offset losses to own-source revenue in First Nation communities.

The Government of Canada will continue to work with Indigenous partners to co-develop the policy, legislative tools and funding supports required to promote better investment climates, drive private sector growth and higher business success rates, and allow for more revenue that is earned in Indigenous communities to stay in those communities. The Government has also committed to looking inward to analyze and, as appropriate, adjust eligibility criteria to ensure that all programs are as inclusive as possible.

Multiple initiatives are underway that aim to address the inequities, barriers, and funding shortfalls highlighted in the Committee's Report. Inclusive economic development and infrastructure strategies have been or are being developed. Federal funding is evolving to become more inclusive, flexible, and predictable. Procurement strategies and processes are being examined and updated to ensure that they are responsive and support robust Indigenous participation in the economy. One such example is the federal-wide Procurement Strategy for Indigenous Business (PSIB), which was launched in 2021 and is being led by Public Services and Procurement Canada with support from Indigenous Services Canada and the Treasury Board of Canada Secretariat. The Strategy requires all federal departments and agencies to implement a mandatory requirement to ensure a minimum of 5% of the value of federal contracts to be awarded to businesses owned and led by Indigenous Peoples.

The Government of Canada accepts and recognizes the importance of all twenty six (26) of the Committee's recommendations, and provides the following response.

## GENERAL BARRIERS TO INDIGENOUS ECONOMIC DEVELOPMENT

***Recommendation 1: That, as required by section 6(1) of the United Nations Declaration on the Rights of Indigenous Peoples Act, the Government of Canada ensure that the preparation and implementation of the action plan to achieve the objectives of the Declaration is done in consultation and cooperation with Indigenous peoples and organizations that represent Indigenous businesses; and that the Government of Canada update the committee about progress on the action plan within six months.***

### Response:

The Government of Canada is committed to the implementation of the *United Nations Declaration on the Rights of Indigenous Peoples Act* (UNDA) and to work in partnership with Indigenous Peoples to advance their rights. This includes the preparation and implementation of an action plan in partnership with Indigenous Peoples to achieve the objectives of the Declaration.

Subsequently, with the passage of the Bill, early engagement with Indigenous Peoples has identified initial priorities for the federal action plan, beginning with the priorities and rights of Indigenous Peoples as the starting point. Initial meetings took place in fall 2021 and winter 2022 with national and regional representative organizations and other Indigenous organizations, including organizations focused on Indigenous economic development. To support Indigenous participation in the consultation and engagement process on the implementation of the UNDA, including Indigenous-led consultations, the Department of Justice (Justice Canada) launched a Call for Proposals, on December 10, 2021, with a focus on Indigenous rights holders and the institutions that represent them. Over 200 proposals were received by the closing date of April 15, 2022. Funding for these proposals has begun, as has Crown-Indigenous and Indigenous-led engagement that is focused on the three legal obligations set out in the UNDA (sections 5, 6 and 7):

- Section 5: Taking all necessary measures to ensure that federal laws are consistent with the UN Declaration;
- Section 6: Preparing and implementing an action plan to achieve the objectives of the UN Declaration;
- Section 7: Developing annual reports on progress to be tabled in Parliament.

As part of this process, Justice Canada is continuing discussions with Indigenous economic development organizations, including the National Indigenous Economic Development Board, the National Aboriginal Capital Corporations Association, and the First Nations Financial Management Board. Along with on-going bilateral meetings and the submission of documents, these organizations will continue to be engaged with Justice Canada on measures to address the social and economic rights of Indigenous peoples as set out in the United Nations Declaration on the Rights of Indigenous Peoples (UN Declaration). To ensure that the implementation of the UNDA is done in consultation and cooperation with First Nations, Inuit and Métis peoples, a draft action plan is expected to be released in the fall of 2022/winter of 2023. Once released, consultation and engagement with Indigenous Peoples, organizations and groups to validate the draft action plan will continue to unfold, leading to the completion of the action plan by June 2023. The Government of Canada will be updating the UNDA website as Crown-Indigenous and Indigenous-led engagement processes progress towards developing the action plan over the next six months.

In addition, since 2020, Natural Resources Canada (NRCan) has been hosting a series of roundtables with industry stakeholders and Indigenous partners on the implementation of the UNDA. The most recent roundtables were held in May 2022 and featured representatives from the mining, oil and gas, low carbon, forestry sectors, and industry-adjacent Indigenous partners. The roundtables have provided a platform for invitees to share questions and concerns on the implementation process for the UNDA and associated impacts on Indigenous Peoples and communities by each natural resources sector. Engagement sessions will continue in fall 2022 in an effort to further consider issues directly affecting communities and industry, with the goal of sharing information and ensuring that the rollout of the UNDA increases certainty and

confidence in Canada's natural resource sectors. Engagement will be particularly focused on the inputs given and issues raised by Indigenous businesses in the natural resource sector, who represent a substantial portion of the invited stakeholders.

***Recommendation 2: That the Government of Canada review and consider different options and partnerships to finance home mortgages, such as an Indigenous Housing Fund or long-term loan guarantees.***

Response:

The Government of Canada recognizes that access to financing for homes is a key component of improved housing outcomes in Indigenous communities and supports economic development. Indigenous partners have clearly communicated their wish for increased levels of home ownership and/or alternative financing options in their communities. The Government is working with Indigenous partners to fulfill this goal as part of the three co-developed and distinctions-based housing strategies with First Nations, Inuit and Métis.

Through the Canada Mortgage and Housing Corporation (CMHC), Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) and Indigenous Services Canada (ISC), the Government is working with Indigenous partners to explore new financing options for homes in Indigenous communities.

For example, CMHC is leveraging existing mortgage loan insurance products and exploring future opportunities that would better meet community needs and thereby diversify economic opportunities.

Specifically, CMHC has expanded the types of security available for housing projects on First Nations lands thereby increasing options for home ownership on reserve. By accepting four additional alternative types of security for projects on First Nation lands (pledge of land, leasehold interest, business revenue and personal property, and letter of credit) CMHC hopes to be more responsive to the demand for housing and allow for smoother implementation of many CMHC and National Housing Strategy funding programs.

Since 1966, the Government of Canada, through ISC, has provided security to lenders for loans issued on-reserve through Ministerial Loan Guarantees (MLGs) for both individual and community housing projects. Sub-section 89(1) of the *Indian Act*, prevents real property on a reserve from being seized by a non-First Nation individual. MLGs were first established to address lenders' limited willingness to extend loans to First Nations members for housing on-reserve. At present, through the MLG program, ISC is guaranteeing over \$1.9 billion in loans to First Nation individuals and communities. CMHC and ISC continue to work closely together to ensure that the MLG program is responsive to the needs and aspirations of First Nations.

Further, ISC and CMHC are engaging with lending partners and are open to exploring opportunities for collaboration for financing options across the housing continuum. For example, CMHC and ISC have supported the development and possible scaling up of an Aboriginal Savings Corporation of Canada (ABSCAN) model, which works with First Nations communities and individuals to address housing needs on reserves. ABSCAN offers a combination of housing loans and support for the modernization of housing systems and policies to create internal housing markets. The objective is to support individual home ownership for members with the interest and the capacity, thus freeing up resources for First Nations to better address social housing needs.

CMHC is also exploring how current on-reserve housing programming, such as the First Nations Market Housing Fund (the Fund), can be reformed to achieve improved and sustained outcomes and enable transition to First Nations' care, control, and management of housing. The Fund supports the expansion of market-based housing in First Nations communities. The standalone Fund has grown from \$300 million to \$360 million since its creation on April 20, 2007 and has guaranteed 419 housing units as of December 31, 2020. The Board of Trustees of the Fund is leading the development of a strategy to work in pursuing transformational reforms, to make the Fund more autonomous and more responsive to First Nations' housing

needs. The Government of Canada will continue to work with Indigenous partners to increase financing options. These efforts will complement ongoing efforts improve housing outcomes in communities by increasing the housing supply and community capacity.

***Recommendation 3: That the Government of Canada work with the First Nations Finance Authority, the First Nations Tax Commission, and the First Nations Financial Management Board to test monetization through a pilot project on replacing diesel generation in remote communities.***

Response:

Diesel and other fossil fuels are a reliable and dependable energy source for electricity and heat; however, their production, transport, and use result in significant social, economic, and environmental impacts to Indigenous communities. Indigenous communities have stated that participation in, and ownership of, renewable and clean energy systems is central to their long-term energy security, energy sovereignty, and self-determination, and vital to improving socio-economic outcomes for community members by enhancing environmental protection, opening new pathways for job creation, increasing economic development, and developing local technical skills and capacities.

Achieving better infrastructure outcomes will require the exploration of new and innovative approaches, including considering possible leveraging of federal funding for infrastructure loans, or monetization, in order to enable communities to build more sustainable infrastructure faster. The voluntary, opt-in, *First Nations Fiscal Management Act* (FNFMA) and the institutions that operate under the FNFMA provide capacity support to First Nation governments to take control of their fiscal management and governance functions, and access to capital markets, which is fundamental for promoting economic growth and building strong communities. The institutional, legislative, regulatory and capacity building frameworks provided by the FNFMA can also be leveraged to transfer jurisdiction, manage risks, and enable the implementation of innovative funding approaches. As such, the Government of Canada, through the Minister of Indigenous Services, commits to engage with Indigenous partners, namely the First Nations Finance Authority (FNFA), the First Nations Tax Commission (FNTC), and the First Nations Financial Management Board (FNFMB) to explore the viability of monetization as a financial tool to realize a pilot project on replacing diesel generation in remote communities. The Government will also continue to support the transition to clean energy in Indigenous and remote communities through programs like the Smart Renewables and Electrification Pathways Program, the Clean Energy for Rural and Remote Communities (CERRC), the Indigenous Off-Diesel Initiative, and the Northern Responsible Energy Approach for Community Heat and Electricity (Northern REACHE) program. The Clean Energy for Indigenous and Remote Communities Hub at Natural Resources Canada (NRCan) will act as a relationship-based, community focused single-window and pathfinding service for communities in association with these programs.

The federal government has made commitments to Indigenous Climate Leadership and climate action including net-zero by 2050. It has also made specific commitments on clean energy in remote and Indigenous communities as laid out in Strengthened Climate Plan: Healthy Environment, Healthy Economy (SCP). The SCP committed to invest an additional \$300 million over five years, starting in 2022-23, to ensure that rural, remote and Indigenous communities that currently rely on diesel have the opportunity to be powered by clean, renewable and reliable energy by 2030.

The Government of Canada shares the responsibility of ensuring access to safe and reliable energy with Indigenous leadership and provinces, since electricity is a matter of provincial jurisdiction. One recent success is the Wataynikaneyap Transmission Project in remote, northern Ontario. In 2018, Canada announced \$1.6 billion for Wataynikaneyap Power – majority owned by 24 First Nations – to connect 16 First Nation communities to the provincial power grid by the end of 2024. Canada's investment is based on anticipated long-term cost savings through the reduction of costs for diesel power generation. In addition, Ontario committed to applying existing ratepayer subsidies to support transmission connection and distribution costs. The First Nations communities are working together and controlling

development of major infrastructure within their traditional lands, which is unprecedented in Ontario and will be both a model and a catalyst for future projects and greater economic self-determination.

As Indigenous communities across Canada are exploring alternative renewable energy projects to offset their diesel usage, many federal programs aim to address climate change impacts by funding large and small scale community-driven clean energy and community infrastructure projects more broadly, while a select few directly support diesel reduction initiatives including ones delivered by Indigenous Services Canada (ISC), NRCan, Crown Indigenous Relations and Northern Affairs Canada (CIRNAC), Infrastructure Canada, Environment and Climate Change Canada (ECCC), and the Regional Development Agencies (RDAs).

Indigenous communities face challenges to transition off diesel based on geography, availability of renewable resources, a complex regulatory environment, and technical skills and capacity. The Government of Canada is committed to working with Indigenous communities to identify, plan and implement clean, renewable, inclusive and reliable electricity projects in their communities to transition away from diesel dependence.

***Recommendation 4: That the Government of Canada prioritize the creation of a navigator position in consultation with National Indigenous Economic Organizations, to help Indigenous entrepreneurs find programs relevant to their businesses.***

Response:

As part of its efforts to renew and strengthen Canada's relationship with Indigenous communities to advance self-determination through strong economic recovery and growth, including ensuring accessibility for Indigenous business supports, the Minister of Indigenous Services has been mandated to create a navigator function to help Indigenous entrepreneurs find programs that apply to their situation. The navigator function will be developed in consultation with National Indigenous Economic Organizations and other federal departments and agencies, including Regional Development Agencies (RDAs). Indigenous Services Canada's (ISC) navigator is anticipated to launch in fall 2022, by which time service standards will be designed and developed, and outreach and communications plans will be established to socialize this new service.

The Strategic Partnerships Initiative (SPI) program within ISC, is a whole-of-government horizontal approach that supports Indigenous participation in complex economic development opportunities by reducing the administrative burden on Indigenous communities, coordinating efforts, and pooling resources where appropriate. SPI is well-positioned to implement this function in that it can leverage the whole-of-government network, as well as the ISC regional network, to provide a single-window point of entry for all Indigenous entrepreneurs, businesses, and communities to access funding from across the federal family in all sectors of the economy.

In addition, some RDAs are also establishing navigator positions within their regionally-focused organizations. For example, the Canadian Northern Economic Development Agency (CanNor) provides navigator services to clients through Economic Development Officers and Alternate Service Delivery partners. CanNor assists applicants in pathfinding not only federal programs but regional programs and initiatives, such as those offered by territorial governments, and other institutions as well, such as the Northwest Territories Business Development Investment Corporation.

***Recommendation 5: That the Government of Canada address the impact of the administrative burdens of its economic development programs on Indigenous peoples; and that it put measures in place to increase resources available to Indigenous peoples to ensure they do not miss economic development opportunities as a result of administrative delays and long wait times for obtaining funding.***

Response:

The Government of Canada is putting in place measures, across many programs, to decrease administrative burdens so that the ability of Indigenous Peoples to advance economic development is not hindered.

Managed by Indigenous Services Canada (ISC), there are 22 federal departments and agencies that are signatories to the Strategic Partnerships Initiative (SPI), which offers a whole-of-government horizontal approach that supports Indigenous participation in complex economic development opportunities by reducing the administrative burden on Indigenous communities, coordinating efforts, and pooling resources. Through SPI, federal departments and agencies make collective investment decisions to ensure that investments in Indigenous economic development are timely, properly sequenced, well-prioritized, leveraged, project-managed, and strategic.

ISC is currently reviewing its framework for community economic program management to devolve more decision-making to the regional level, so that funding approvals can be made more quickly. ISC also provides information on its website on program criteria and eligibility for community economic programs for First Nations and Inuit located south of 60°.

In addition, many Regional Development Agencies (RDAs) use their suite of economic development programs to support community capacity building, access to capital, and community partnerships and coordination at the regional level. RDAs provide ongoing support for Indigenous economic development and engagement, including accompaniment services to Indigenous clients at the project development level to find the program that best fits the project concept. The Pacific Economic Development Agency of Canada (PacifiCan) and Prairies Economic Development Canada (PrairiesCan) are introducing the Integrated Regional Investment System, a new grants and contributions program management system. This system simplifies and streamlines the application process, lowering administrative burdens for Indigenous and other applicants, while the Canadian Northern Economic Development Agency (CanNor) utilizes a single-window intake system through which the Agency's Economic Development Officers work to match programs to projects, instead of asking communities to determine how their project fits to the various programs. All RDAs, including the Federal Economic Development Agency for Northern Ontario (FedNor) and Southern Ontario (FedDev Ontario), are implementing the Grants and Contributions Program Management Systems, which will streamline the application and intake process. This system assists in tracking decision making timelines, allows for more secure and user-friendly reporting, as well as a more streamlined and digital interaction with clients.

Employment and Social Development Canada (ESDC) has taken steps to ease administrative burden by developing a new funding approach for self-governing Indigenous governments. This approach allows the Indigenous Skills and Employment Training (ISET) Program funding to flow through the Fiscal Financing Agreements or equivalent instruments, to provide Indigenous governments with greater administrative flexibility and autonomy to use funding in a way that meets the priorities of their citizens. The ISET Program is designed to support First Nations, Inuit, Métis and Urban / Non-affiliated Indigenous Peoples to improve their skills and meet their long-term career goals.

ESDC is also working to better support Indigenous participation in economic development opportunities. Following a national engagement process on the future of the Skills and Partnership Fund (SPF), a project-based program that funds partnerships between Indigenous organizations and industry employers to link Indigenous people to specific jobs and improve their employment outcomes, ESDC will implement improvements to SPF with the objective of making the program more responsive to a changing economy and Indigenous priorities.

Multiple programs administered by NRCan have taken steps to reduce administrative burden to First Nations, Métis and Inuit communities. The Indigenous Natural Resource Partnerships Program, Indigenous Forestry Initiative, Clean Energy for Rural and Remote Communities (CERRC) and 2 Billion Trees now share project applications across initiatives, and include 100% stacking for Indigenous recipients, providing flexible terms and conditions and the ability to

support capacity building as part of project implementation. Along with the “no wrong door” approach to applications, 2 Billion Trees and CERRC include increased flexibility to deliver funding through grants as well as contributions to help alleviate administrative burden and funding delays for smaller-scale funding requests.

***Recommendation 6: That the Government of Canada clarify the exceptions for Indigenous beneficiaries under the Jobs and Growth Fund; and that it commit to being clear and transparent with respect to any arbitrary and discriminatory exceptions that may prevent Indigenous peoples from benefiting from the Jobs and Growth Fund.***

Response:

Regional Development Agencies (RDAs) have committed to continuing to work toward greater transparency and communication on how Indigenous Peoples can benefit from economic development programming.

The Government of Canada’s Jobs and Growth Fund (JGF), launched in July 2021 and delivered by RDAs, provides \$700 million nationally over three years, and includes up to \$70 million in funding for businesses created after January 2020 that meet eligibility criteria. Throughout the design of JGF, RDAs consider how to best position the program to eliminate potential barriers and ensure Indigenous applicants see themselves as eligible recipients of the fund. For this reason, online information on the JGF landing pages includes a dedicated reference to the eligibility of Indigenous applicants, strongly encourages Indigenous-led organizations and/or businesses to apply and explicitly states that under the initiative, the RDAs may contribute up to 100% of eligible project costs for projects with Indigenous clients. For non-Indigenous businesses, JGF will fund up to 50% of authorized project costs.

The ability to fund up to 100% of eligible cost for Indigenous clients was a new flexibility for a number of RDAs and was included in the design of the JGF with the aim of better supporting the economic recovery and growth of potential Indigenous recipients. This targeted approach was implemented in acknowledgement of the disproportionate impact felt by many Indigenous businesses through the pandemic and the disadvantages they face in seeking traditional sources of financing.

RDAs commit to continuing to work toward greater transparency and communication on how Indigenous Peoples can benefit from RDA economic development programming. The nature of project-based funding means that the level or degree of support cannot be guaranteed. Eligibility and the application of exceptions are determined based on the scope and estimated benefit of project funds. Though JGF is a temporary recovery program, RDAs collectively acknowledge the importance of eliminating barriers to economic development programming facing Indigenous Peoples.

***Recommendation 7: That the Government of Canada, in partnership with Indigenous organizations, consider options for improving access to capital for First Nations, Inuit and Métis communities; and that options to consider include:***

- ***Establishing a pure equity fund for use by First Nations and regional development corporations;***
- ***Making the 10-year grant for First Nations available to qualified Indigenous institutions; and,***
- ***Mirroring the Government of Quebec’s Indigenous Initiatives Fund III, which gives Indigenous communities flexibility and stability in terms of funding.***

Response:

The Government of Canada has in place a number of options to improve access to capital for Indigenous Peoples and businesses, and continues to explore new approaches in partnership with Indigenous organizations.

First announced in Budget 2019, the \$153 million Indigenous Growth Fund was established in 2021 with federal government support, and is managed by the National Aboriginal Capital Corporations Association (NACCA). The Fund is an innovative tool that leverages private investment funding to provide access to capital for Aboriginal Financial Institutions (AFIs) and Indigenous small and medium-sized enterprises (SMEs) to start and grow their businesses. The lead investors for the fund are the Government of Canada and, the Business Development Bank of Canada, with further investment from Export Development Canada and Farm Credit Canada. The fund issued its first investment in March 2022 and has had early success in attracting additional private investors.

Budget 2022 provided funds to Natural Resources Canada (NRCan) to develop a National Benefits-Sharing Framework to ensure that Indigenous groups directly benefit from major natural resource projects in their communities. As part of this work, the department is working in collaboration with other federal partners to assess potential tools and capacity supports for addressing the access to capital challenges facing Indigenous groups that are seeking to participate commercially in major projects (e.g., natural resource developments) and related infrastructure in or near their communities.

The New Fiscal Relationship Grants for First Nations are renewable, typically established with a 10-year duration and provide for core services such as governance, infrastructure capital facilities and maintenance, social services, primary health care, health infrastructure support, lands and economic development, individuals affairs, and elementary, secondary and post-secondary education. The grant mechanism provides eligible First Nations enhanced predictability and flexibility of funding, prioritizes the accountability of First Nations leaders to community members, and addresses price and population growth with the grant escalator. Indigenous Services Canada (ISC) is actively partnering with the Assembly of First Nations and the First Nations Financial Management Board (FNFMB) to explore possible improvements to the grant, including considering the potential expansion of eligibility to include additional types of entities.

Further, the Government of Canada recognizes the role that longer-term, predictable funding plays in stabilizing institutional support for economic development. Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) will be engaging with partners and institutions, including the FNFMB, the First Nations Tax Commission (FNTC), and the First Nations Finance Authority (FNFA), to explore options for more stable, long-term and flexible funding agreements that are appropriate for statutory Indigenous institutions. ISC is also taking a similar approach in working with NACCA to explore longer term contribution agreements and more predictable support for their essential role in facilitating access to capital for Indigenous entrepreneurs.

Regional Development Agencies (RDAs) have committed a minimum 10% of assistance available through the \$500 million Tourism Relief Fund to Indigenous businesses and communities and participates in ongoing development of strategic projects that will enhance the growth of Indigenous communities and businesses. RDAs, with the exception of the Canadian Northern Economic Development Agency (CanNor), deliver the Community Futures Program which provides core operational funding to Community Futures, including a number of Indigenous Community Futures initiatives across the country. Many of these Indigenous initiatives involve AFIs. For example, to improve access to capital and augment the capacity of AFIs in southern Ontario to meet the growth needs of larger “mid-market” firms, in 2020 the Federal Economic Development Agency for Southern Ontario (FedDev Ontario) invested \$10 million to capitalize Aboriginal Impact Capital (AIC). AIC is a joint-effort of southern Ontario’s four AFIs that seeks to assist Indigenous entrepreneurs and organizations in finding sources of financing for their business projects in the \$250,000 to \$2 million range, where a gap existed in provision of financing to Indigenous businesses. This was a first-in-Canada approach.

***Recommendation 8: That the Government of Canada improve and refine its requirement that a minimum of 5% of the value of federal contracts are awarded to Indigenous businesses by:***

- ***Requiring that at least 5% of all federal contracts valued over \$5 million come from Indigenous suppliers;***

- ***Developing guidelines to ensure that First Nations, Inuit and Métis organizations all have the opportunity to benefit from the requirement that 5% of the value of their contracts are awarded to Indigenous-owned businesses; and***
- ***Ensuring transparency with respect to how the federal departments are meeting the requirement that 5% of the value of their contracts are awarded to Indigenous-owned businesses.***

Response:

The Government of Canada is implementing measures to renew and strengthen its relationship with Indigenous Peoples by increasing economic opportunities to First Nations, Inuit, and Métis businesses through the federal procurement process.

In August 2021, the Government of Canada announced a whole-of-government initiative, which requires all federal departments and agencies to implement a mandatory minimum target of at least 5% of their total value of federal contracts (regardless of their value) to be awarded to businesses owned and led by Indigenous peoples. Implementation and reporting on this initiative is built on existing programs and policies and is being phased in over three years beginning in 2022-23. Currently, 32 federal departments are either achieving the minimum mandatory target or are on track to meeting it and it is expected that all federal departments and agencies will meet or exceed the mandatory minimum target of 5% by 2024-25. To support the government-wide initiative, \$35.2 million will be invested over five years to modernize Indigenous procurement and to continue meaningful engagements with Indigenous partners to discuss further refinements and more transformative changes.

Capacity to bid on government procurements, particularly large ones, can be a barrier to Indigenous businesses. The Government is working with Indigenous partners to identify, reduce and eliminate barriers to Indigenous participation in procurement.

To further improve and refine the initiative, a number of key activities, which include the creation of the Transformative Indigenous Procurement Strategy Directorate in December 2021, leading engagement and consultations with Indigenous partners and Modern Treaty and Self-Government Agreement rights-holders on the implementation of the 5%, and the co-development of options for a future Transformative Indigenous Procurement Strategy. This entails exploring with Indigenous partners the possibility of a new transformative strategy for procurement, a simplified process for Indigenous procurement, and possibly transferring services to Indigenous organization(s). Other initiatives include: developing new guidance material for federal procurement officers and Indigenous businesses; continuing and increasing outreach and information sessions for Indigenous businesses by coordinating with key partners and stakeholders; and, new strategies to increase the number of businesses registered in the federal Indigenous Business Directory.

Outreach is critical in ensuring that First Nations, Métis and Inuit organizations have the information and tools available to access procurement opportunities. To this end, Canada continues to develop internal and external communications products (e.g., social media, posts, communiqués and web updates) to bolster the number of qualified Indigenous suppliers as well as provide guidance to the procurement community on Indigenous inclusion (e.g., April 1, 2022's amendment to the Treasury Board of Canada Secretariat *Directive on the Management of Procurement* to introduce Appendix E - Mandatory Procedures for Contracts Awarded to Indigenous Businesses).

From a reporting perspective, *Guidelines on the Proactive Disclosure of Contracts* is being amended to facilitate transparent and timely public reporting of contracts awarded to Indigenous businesses via quarterly disclosure of contracts over \$10,000 through the Open Government Portal; and, furthering transparency and departmental accountability to the public, Indigenous partners, and Parliament as part of reporting through Departmental Plans and Departmental Results Reports. The work is currently underway, both internal and external partners will be engaged in advancing this work to attain the most optimal reporting solution to provide Indigenous partners, Parliamentarians, and the general public with meaningful data. Information will first be made available starting with the tabling of the 2023-24 Departmental

Plans in early 2023. The Departmental Results Reports for the first policy implementation year of 2022-23 are expected to be made available in late 2023. New streamlined reporting/data collection initiatives are being developed to facilitate quality data collection to inform investments in capacity building of Indigenous businesses and to publicly report on performance against the mandatory minimum target of 5%.

Together, these measures will provide First Nations, Inuit, and Métis businesses with increased access to government contracts and create more opportunities for Indigenous-owned businesses.

***Recommendation 9: That the Government of Canada create a registry of Indigenous businesses and distribute it to federal departments in order to identify possible suppliers for federal procurement. The distribution of this registry will raise awareness of the services and products offered by Indigenous businesses and ensure better communications between departments and businesses.***

Response:

The Government of Canada, through Indigenous Services Canada (ISC), currently manages an Indigenous Business Directory that is publicly accessible online for the registration and identification of certified Indigenous businesses. This Directory currently contains approximately 2,600 Indigenous businesses registered and is used by federal procurement officers and the public to identify possible Indigenous suppliers. The registry is subject to regular compliance audits to verify adherence with the Procurement Strategy for Indigenous Businesses and will be used as part of the process to track federal contracts awarded to certified Indigenous businesses to meet the 5% mandatory Indigenous procurement target, in addition to beneficiary businesses from Modern Treaties and Self-governing First Nations.

As part of the federal strategy to meet the minimum 5% target for Indigenous businesses, the Directory is shared with all federal departments and businesses to raise awareness of the services and products offered by Indigenous businesses.

Further, as part of continued engagement with Indigenous partners for a future Transformative Indigenous Procurement Strategy, led by ISC, the Government will engage and work with Indigenous economic organizations on the co-development of options for the existing Directory.

***Recommendation 10: That the Government of Canada work with the National Indigenous Economic Development Board, as well as other Indigenous organizations and education organizations that partner with First Nations, Inuit and Métis communities to support literacy, such as the Martin Family Initiative, to explore the possibility of establishing a National Indigenous Education Institution or Centre of Excellence.***

Response:

The Government recognizes that the National Indigenous Economic Development Board (NIEDB) is an advocate for better educational opportunities for Indigenous people at all levels from kindergarten, primary, secondary, post-secondary up to adult education, with a focus on accredited business programming. The NIEDB has engaged with the Martin Family Initiative to discuss ways to improve educational outcomes.

Indigenous Services Canada also implements the Elementary and Secondary Education Program that supports education for eligible First Nations students, ages 4 to 21 years, ordinarily resident on reserve. In 2019, the department implemented a co-developed policy and funding approach, to provide predictable core funding, comparable to funding in provincial education systems, for First Nations students on-reserve, as well as enhancements to meet First Nations' specific needs, including additional funding for language and culture, full-day kindergarten and before- and after-school programming. Funding to support education is provided directly to First Nations and organizations designated by First Nations for education programming. The Government is also working with First Nations to develop Regional Education Agreements that

respond to the education goals and priorities set by First Nations. These agreements will identify collaborative education service delivery strategies and outline how the Government can best support First Nations schools, students, communities and education organizations in ensuring that First Nations students receive a high quality, linguistically and culturally appropriate education that improves outcomes.

Funding First Nations directly supports the principle of First Nation control of First Nation education, where First Nations are best placed to make decisions on the design, delivery and procurement of education services for students in their communities and is guided by the principles of predictability, stability and transparency. Indigenous Services Canada (ISC) also supports the Martin Family Initiative for early literacy activities from Kindergarten to Grade 3 through a network of 18 model schools across Canada and in direct partnership with mandating First Nations, through on-going activities funded through Budget 2016 investments.

ISC has discussed with the Martin Family Initiative its Aboriginal Youth Entrepreneurship Program, which aims to support financial literacy and entrepreneurship skills for Indigenous students on reserve and in provincially-operated schools.

Through Budget 2019, the government supported the work of the independent Task Force on Northern Post-Secondary Education. The Task Force released its final report on March 31, 2022. The report and calls to action highlight the unique challenges and barriers that exist across the North in accessing post-secondary education, including the need for ongoing learning and skills development opportunities, culturally relevant higher education and greater focus on Indigenous-based knowledge and skills.

The report's expert advice will help the Government of Canada, together with Indigenous, territorial and provincial partners, and education institutions in the North and Arctic, to discuss barriers and possible solutions for providing Northerners with greater access to local high-quality education.

Through the Indigenous Skills and Employment Training (ISET) Program and the Skills and Partnership Fund (SPF), Employment and Social Development Canada (ESDC) is helping to advance the vision of a highly skilled, competitive, and world class Indigenous labour force for Canadian and global markets. Specifically, ISET, a co-developed distinctions-based program, aims to reduce the skills gap by 50% and the employment gap by 25% between Indigenous and non-Indigenous people in Canada over 10 years. This goal is being supported by the First Nations Labour Market Information (LMI) and Skills Inventory Pilot, a co-developed pilot project designed to test processes and tools to improve First Nations communities' access to timely and useful community-level information about the First Nations labour force. This work is helping make available improved LMI for use by communities in planning for skills training, job matching, employment support and community development. Under ISET, ESDC is also working with Indigenous partners to co-develop distinctions-based performance measurement strategies and program evaluation. This is helping to ensure that the perspectives of Indigenous partners are reflected and that data collection and program assessments capture more holistic information on program impacts.

Finally, the Tulo Centre of Indigenous Economics, a charitable education organization supported by Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) through the First Nations Tax Commission (FNTC), is an applied research and training organization for the Indigenous public service focused on Indigenous jurisdiction and institutional innovation. The Centre provides university accredited curriculum in applied economics, land management and other areas. The Tulo Centre was established to transfer knowledge, develop sample laws and administrative best practices to First Nations, so they can begin to leverage their competitive advantages in the market. Tulo offers courses to Indigenous groups across Canada and the world on how to leverage modern legislation like the *First Nations Fiscal Management Act* and the Framework Agreement on First Nation Land Management to move away from the *Indian Act*. As well, the Aboriginal Financial Officers Association Canada (AFOA) offers a range of training and certification programs, as well as financial literacy courses to Indigenous people, with training uniquely designed to support the needs of Indigenous leaders, their administrations and youth.

***Recommendation 11: That the Government of Canada implement the national Indigenous economic strategy that will soon be put forward by the National Indigenous Economic Development Board.***

Response:

The National Indigenous Economic Strategy (NIES) was released on June 9, 2022, and was well received by the Government of Canada. Through interdepartmental processes on Indigenous economic development, the Government is currently analyzing the report in detail and will work with Indigenous partners to discuss priority areas in relation to the 107 Calls to Economic Prosperity. This engagement will help identify areas where the federal government can make the greatest contribution and positive impact on Indigenous community and individual wellbeing.

Working with Indigenous Services Canada (ISC) and Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), Regional Development Agencies (RDAs) are also assessing the National Indigenous Economic Strategy's Calls to Economic Prosperity, including the implications for existing programs and policies, and are committed to continuing work with regional partners in shaping those programs and policies collaboratively.

#### **BARRIERS SPECIFIC TO FIRST NATIONS**

***Recommendation 12: That the Government of Canada, in collaboration with First Nations partners (including the First Nations Finance Authority, the First Nations Tax Commission and the First Nations Financial Management Board), co-develop amendments to the First Nations Fiscal Management Act to establish a legislative basis for a First Nations Infrastructure Institute.***

Response:

The Government of Canada is committed to advancing future changes to the *First Nations Fiscal Management Act* (FNFMA), to establish a First Nations infrastructure institute to ensure that First Nations and other Indigenous groups, as well as their organizations, have access to the tools and capacity they need to develop more sustainable infrastructure. The Government is working with a First Nations-led interim development board and technical working group to co-develop this proposal. The institutions currently operating under the FNFMA are also being engaged in this process to ensure that the proposed institute would have interoperability with their respective services.

The concept of a First Nations Infrastructure Institute was brought forward by the First Nations Tax Commission (FNTC) in 2016-17 as a solution to fill capacity, institutional and regulatory gaps related to infrastructure and to provide an effective legislative and institutional framework for an orderly transfer of jurisdiction to First Nations or their regional organizations.

In parallel to this legislative work, Indigenous Services Canada (ISC) is continuing to support proof-of-concept demonstration projects with the Chippewas of Kettle and Stony Point, Sts'ailes and Paq'tnkek First Nations, the Atlantic First Nations Water Authority and the First Nations Health Authority to advance the development of the Infrastructure Institute's processes, procedures and standards, as well as organizational design, and ensure that it will complement and support the infrastructure service transfers to other Indigenous organizations.

***Recommendation 13: That the Government of Canada increase the resources available to the First Nations Finance Authority (FNFA), the First Nations Tax Commission and the First Nations Financial Management Board to ensure that they can fulfill their mandates under the First Nations Fiscal Management Act (FNFMA), specifically:***

- ***Supporting the work of the FNFA that grants loans;***
- ***Increasing the upper limit of loans that FNFA can grant, for greater flexibility to engage in capital projects with high up-front costs; and***
- ***Working towards full recognition of FNFMA by credit unions and banks.***

Response:

The Government recognizes the important role that the First Nations fiscal institutions provide in supporting First Nations to strengthen their economies. The First Nations Financial Management Board (FNFMB), the First Nations Tax Commission (FNTC) and the First Nations Finance Authority (FNFA) receive \$23.3 million in operational funding annually from Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) to deliver their core activities, as identified in their respective corporate plans, and additional proposal-based funding to support special initiatives to advance future innovations to the regime.

With respect to the FNFA, the Government has provided over \$50 million since 2010 for the FNFA's Credit Enhancement Fund, which enhances its credit rating and generates interest income for its operations. This fund enables the FNFA to offer low interest loans to First Nations at rates comparable to provincial governments. In addition, in 2021-22, CIRNAC provided \$17.1 million in interest payment relief to First Nations with loans under the FNFA and \$33.4 million to the FNFA to establish a Contingency Fund to support borrowing members encountering difficulties due to the COVID-19 pandemic or future widespread economic shocks, as well as \$925,000 to support the launch of a Commercial Paper Program to lower short-term interest rates for First Nations and support greater financial self-sufficiency of the FNFA.

The Government is committed to exploring with the FNFA, interested First Nations and other Indigenous organizations, other types of support or enhanced flexibilities that would be needed to facilitate financing of projects with high up-front costs.

The FNFA provides financing, investment and advisory services that are suited to the on-reserve context and adapted to First Nations' needs. Thanks to its unique corporate and risk management model under the *First Nations Fiscal Management Act* (FNFMA), the FNFA can provide financing and investment services that complement those offered by commercial lending institutions such as credit unions and banks. The FNFA works very closely with financial market partners, including the major Canadian banks and credit rating agencies to access capital on the financial markets for the benefit of their borrowing member and has entrenched itself as a trusted issuer on global capital markets.

Commercial lending institutions and economic development organizations are exploring how to leverage financial management certification from the FNFMB as tools for their financing and funding decisions. The Government will continue to facilitate dialogue between the institutions and interested parties to explore how the FNFMA institutions can complement current services offered by financial institutions, and support financial management risk assessment and informed funding decisions.

***Recommendation 14: That the Government of Canada, in collaboration with First Nations partners (including the First Nations Tax Commission), explore the possibility of expanding First Nations fiscal powers, including with respect to taxation.***

Response:

The Government is committed to reconciliation and advancing fiscal relationships with Indigenous governments by working with interested parties. Since 1998, the federal government has entered into 61 tax jurisdiction agreements with Indigenous governments, including First Nations Goods and Services Tax agreements and First Nations Personal Income Tax agreements. First Nations can also impose real property taxation under the *First Nations Fiscal Management Act* (FNFMA) and the *Indian Act*. These tax powers generate important revenues that support community priorities and advance self-determination.

As announced in Budget 2022, the Government is committed to the continued negotiation of agreements with interested Indigenous governments to enable the implementation of First Nations Goods and Services Taxes within their settlement lands or reserves. As well, Budget 2022 affirmed the commitment to work with Indigenous groups and organizations on a potential fuel, alcohol, cannabis, and tobacco (FACT) sales tax framework as an additional option for Indigenous governments to exercise tax jurisdiction, Engagement with Indigenous

groups and organizations, including the First Nations Tax Commission (FNTC), on a FACT sales tax framework is anticipated to commence in 2022.

Own-source revenues, such as revenues from taxes, support self-determination by allowing First Nations to direct these revenues to community projects. For example, First Nations receive about \$120 million in tax revenues annually. Some 153 First Nations collect about \$95 million in property taxes per year through either the *Indian Act* or the FNFMA. First Nations also collect about \$1.86 million per year in development cost charges, business activity taxes, and service fees through the FNFMA.

***Recommendation 15: That the Government of Canada expand the mandate of the First Nations Finance Authority to enable it to provide its services to tribal councils, self-governing Indigenous governments and economic development corporations; and that the Government of Canada ensure that the First Nations Finance Authority has the resources necessary to fulfill this expanded mandate.***

Response:

The Government is committed to broadening access to the *First Nations Fiscal Management Act* (FNFMA), in order to expand access to financing and the services of the fiscal institutions. The FNFMA allows *Indian Act* First Nations to assert their fiscal jurisdiction over property taxation and financial administration as well as access financing from capital markets through the First Nations Finance Authority (FNFA) for infrastructure and economic development. To date, 325 First Nations, which is over half of all First Nations, have been scheduled to the FNFMA and are benefitting from all or parts of the services offered.

Section 141 of the FNFMA allows the Governor-in-Council to make regulations that adapt the FNFMA for Indigenous groups that are party to a treaty, self-government agreement or land claim. Some self-governing and modern treaty Indigenous groups have requested that Canada make regulations that would allow them to access financing from the FNFMA, and Canada is currently working on regulations to enable these groups to also benefit.

Similarly, Section 141.1 of the FNFMA allows the Governor-in-Council to make regulations that adapt the financing regime to allow not-for-profit organizations, established to provide public services to Indigenous groups or Indigenous people, to access financing. Canada is also working with the Institutions under the FNFMA on the policy considerations for those regulations, including which not-profit organizations will be eligible to access financing under the FNFMA.

Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) is also working with the fiscal institutions to co-develop proposals for future changes to the FNFMA with a view to enhancing the mandates of the institutions to reach more Indigenous groups and organizations with a broader range of services. As mentioned in response to Recommendation 13, over the years, the federal government has increased funding to the FNFA to support its operation and allow greater financial self-sufficiency.

***Recommendation 16: That the Government of Canada work with First Nations to eliminate all barriers to economic development arising from the discriminatory and constraining provisions of the Indian Act.***

Response:

The Government of Canada recognizes that further work is needed with First Nation partners to identify and propose options to eliminate barriers to economic development, to close socioeconomic gaps arising from the discriminatory, constraining and sexist provisions of the *Indian Act*, and to support the transition away from the *Indian Act*.

Indigenous Services Canada (ISC) is working to repatriate funds held in trust by Canada on behalf of First Nations and individuals. Seeking to advance opportunities for First Nations to exercise greater autonomy over and access to their trust moneys, Canada has implemented several approaches. ISC is actively reaching out to all First Nations and individuals who have

funds held in trust by the department to create awareness of the options available to them to access, manage and control their trust moneys, whether under the *Indian Act* or other legislative authorities. The department continues to work collaboratively to support transfers or payment of these funds to the account holders.

In addition, the Government is aware that the *Indian Act* creates barriers for First Nations entrepreneurs that may not have access to collateral (e.g. property) to secure loans. ISC is working to address this particular challenge by collaborating with First Nations partners to deliver targeted funding for entrepreneurs that does not require collateral. For example, the Aboriginal Entrepreneurship Program, administered by National Aboriginal Capital Corporations Association (NACCA), provides up to \$99,999 for businesses and up to \$250,000 for communities in non-repayable equity funding assistance delivered through Aboriginal Financial Institutions (AFIs) to support First Nation business proposals and enable Indigenous entrepreneurs to obtain commercial loans. AFIs use a “character-based” approach to lending and do not require collateral to support loans.

Similar to the Aboriginal Entrepreneurship Program, the recently established Indigenous Growth Fund also helps address these barriers by leveraging private investments to provide large loans to First Nations entrepreneurs that are seeking to start or expand their businesses. These loans are issued through local Aboriginal Financial Institutions that can provide flexibility for borrowers to avoid some of the barriers of the *Indian Act*.

Optional legislation such as the *First Nations Fiscal Management Act* and the Framework Agreement for First Nation Land Management offer effective solutions to First Nations to address barriers to economic development and rebuild their economies by transitioning away from specific areas of the *Indian Act*.

In July 2022, the Minister of Crown Indigenous Relations and Northern Affairs (CIRNAC) announced changes to the Government of Canada’s approach to the phasing out of Section 87 of the *Indian Act*. These changes will help remove obstacles and counterproductive trade-offs for First Nation Peoples and communities choosing to pursue self-determination, tax policy, and control over their lands.

The recognition and implementation of First Nations rights, and in particular the implementation of the inherent right to self-government, are key contributing factors in advancing economic development and closing socio-economic gaps. These rights can be implemented through negotiated agreements, which are co-developed and can be built incrementally with Indigenous partners.

***Recommendation 17: That the Government of Canada continue working with First Nations partners, including the First Nations Lands Advisory Board, to prepare amendments that would clarify any confusion with respect to the interpretation of the First Nations Land Management Act; and that the Government of Canada report to the committee on the progress made to date.***

Response:

The Government of Canada, through Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC), has worked with the Lands Advisory Board (LAB) and its technical arm, the First Nation Land Management Resource Centre (FNLMRC), to prepare amendments that will clarify any confusion with respect to the interpretation of the *First Nations Land Management Act* (FNLMA) resulting in concise legislation giving force of law to the Framework Agreement. This will resituate the Framework Agreement as the central authority through which First Nations who elected to opt out of 44 sections of the *Indian Act* may exercise governance over their lands and resources. A co-developed approach was taken throughout this initiative, which included the co-development of policy papers, policy objectives and the sharing of consultation drafts of the proposed replacement legislation.

On March 15, 2022, a special meeting was held with First Nation signatories to the Framework Agreement, who expressed unanimous support for the draft legislation. Budget 2022

announced the Government of Canada's intention to repeal and replace the FNLMA with the proposed legislation. This initiative is seen as a positive and concrete step towards reconciliation and is expected to be received positively by First Nations that are signatories to the Framework Agreement.

***Recommendation 18: That the Government of Canada establish, with the Department of Justice, a Federal Advisor on the Enforcement of First Nations Laws and By-Laws; and that the position be adequately funded and empowered to work with all relevant federal departments and agencies.***

Response:

Canada acknowledges that the lack of enforcement and prosecutions of First Nations laws and by-laws is a complex problem that no single jurisdiction alone can effectively resolve. Given the shared jurisdiction over the administration of justice, addressing the issue requires collaboration with First Nations, provincial, and territorial partners. Many opportunities exist to collaborate with federal partners to exercise a leadership role to effect change. In 2019, the Department of Justice (Justice Canada) hosted an international conference on Indigenous Justice Systems in Canada and Around the World where a panel discussion focused on the challenges and opportunities related to the enforcement of Indigenous laws in Canada. The panel provided insights on systemic enforcement and prosecution gaps experienced by First Nations across the country, and called for stronger coordination and the development of solutions at the federal level. Shortly after the conference, Justice Canada established an informal Federal Working Group on Enforcement and Prosecutions of Indigenous Laws, where federal officials from key implicated departments and agencies meet on a regular basis to share information, identify issues and challenges, and discuss potential solutions.

The Government of Canada is also involved in a number of tripartite discussions with Indigenous communities and partners and provincial representatives to identify solutions to the lack of enforcement and prosecution of First Nations laws and by-laws. This includes the Ontario Collaborative Technical Table on the Enforcement and Prosecution of First Nations Laws, which was launched on May 6, 2021. The Table is co-chaired by the Chiefs of Ontario, the Province (Ministry of Attorney General) and Canada (Justice Canada). The Table's work focuses on identifying the underlying obstacles and barriers to the enforcement and prosecution of First Nations laws and by-laws in Ontario, with the aim of developing recommendations on how to overcome these challenges. Canada is also actively participating in the British Columbia Tripartite Working Group on Enforcement of First Nations' Laws and the Mi'kmaq-Nova Scotia-Canada Tripartite Forum.

Justice Canada's Indigenous Rights and Relations Portfolio will continue to explore potential initiatives and measures, in consultation with Indigenous, federal, provincial and territorial partners, with a view to strengthening the federal response to the lack of enforcement and prosecutions of First Nations laws and by-laws. Justice Canada will do so with a view to contributing to fulfilling the Minister of Justice's commitments and priorities in relation to the implementation of the *United Nations Declaration on the Rights of Indigenous Peoples Act* and the development of an Indigenous Justice Strategy.

***Recommendation 19: That the Government of Canada continue the work announced in Budget 2021 to redesign the Additions to Reserve policy with the overarching goal of accelerating and improving community access to land and resources, as well as increasing First Nations economic development opportunities.***

Response:

The Government acknowledges that the Additions to Reserve process is a critical enabler of First Nations economic prosperity. Adding land to an existing reserve land base of a First

Nation, or creating a reserve for a First Nation without an existing reserve land base, is a complex, multi-year process that includes multiple partners and stakeholders and requires significant technical expertise.

Accelerating the completion of additions to reserves enables First Nations to strengthen the social and economic well-being of their communities by improving access to lands and resources, encouraging investment and promoting economic development. First Nations are increasingly interested in adding smaller and more economically viable parcels of lands, often in urban areas, to further take advantage of economic development opportunities and generate important own source revenues to be reinvested into the community. This is especially critical for Northern and remote First Nation communities, as a means to access economic opportunities via larger, urban markets located within their traditional territories.

Through Budget 2021, the Government allocated \$43 million over three years, beginning in 2021-22, to Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) and Indigenous Services Canada (ISC) to work with First Nations partners and other stakeholders to co-develop options for a reformed federal Additions to Reserve policy and to accelerate work on existing requests from First Nations across the country. As part of the work, CIRNAC is currently in preliminary discussions with First Nations communities and their organizations on how they wish to be engaged. This will shape the engagement approach and the co-development of policy options, ensuring that the needs and priorities of First Nations are reflected.

Budget 2021 also provided funding for ISC to better support First Nations with the technical components of the Additions to Reserves process, and to enhance capacity within First Nations and their organizations to enable First Nations to assume greater control of their lands and natural resources.

ISC is also working in conjunction with the National Aboriginal Lands Managers Association (NALMA) to reform the *Indian Referendum Regulations* under the *Indian Act* to allow for electronic voting and greater First Nation control over the referendum process, and to develop a new national additions to reserve tracking system that will allow First Nations to submit and track their additions to reserve proposals via an online Cloud based system. If approved, it is anticipated these innovative and transformative changes will help increase the pace at which First Nations are able to access economic development opportunities through the additions to reserve process.

***Recommendation 20: That the Government of Canada ensure that Indigenous communities are not penalized by their geographic location when postal rates are being determined; and that it ensure that postal rates are fair and do not undermine economic development in all communities, whether urban, rural or remote.***

Response:

The provision of postal services, that are within the federally regulated purview (i.e. under Canada Post Corporation [Canada Post]), to all regions (urban, rural and remote) of the country and the requirement to charge postage rates that are fair, reasonable, and sufficient to cover the costs incurred in its operations, are integral parts of Canada Post's obligations under the Canadian Postal Service Charter and the *Canada Post Corporation Act*.

In 2020, Canada Post introduced its Indigenous and Northern Reconciliation Strategy. The Strategy reflects Canada Post's commitment to undertake shared partnerships with Indigenous people and to make real, sustained progress throughout Canada. Canada Post recognizes that how it serves, operates and makes decisions can all have a profound impact across the country.

Canada Post is also piloting community hubs in Indigenous, rural, and northern communities (two have already opened in Membertou, Nova Scotia and High Prairie, Alberta ) that offer expanded service offerings including financial services, money transfers, business supplies, access to local business and community information, electric vehicle charging, and postal and parcel boxes. Community hubs are intended to enable residents and businesses in Indigenous, rural or northern communities to better connect with others because Canada Post recognizes

the importance of supporting economic development in these communities. The Community Hub in Membertou also contains board rooms that can be booked by local groups to hold meetings, as well as co-working. This helps small businesses and community groups grow. Canada Post plans to open two more community hub pilot sites later in 2022.

The Government recognizes that Canada Post works hard to ensure its postal rates are competitive in every region. Canada Post is reviewing postal codes to ensure that rates applied to delivery routes serving rural, remote and Indigenous communities are as competitive as possible and in line with the “Improving Postal Services in Indigenous Communities” pillar of its Indigenous and Northern Reconciliation Strategy. Improved service will foster local economic activity and provide greater access to the e-commerce economy.

The Government remains committed to ensuring that Canada Post provides the high-quality service that Canadians expect at a reasonable price, and better reaches all residents in rural and remote areas.

***Recommendation 21: That the Government of Canada increase ways to support those Indigenous peoples who want to actively seize opportunities arising from the natural resources extraction industry; and that the Government of Canada explore with Indigenous partners how to best reconcile the need to act on climate change with the need to ensure Indigenous peoples can pursue economic opportunities in the energy sector while ensuring a transition toward a low emitting future.***

Response:

The Government of Canada is focused on supporting Indigenous economic growth by prioritizing the creation of more inclusive and sustainable natural resource sectors. This includes action to ensure Indigenous communities are a part of the net-zero carbon future.

To support Indigenous partners in seizing opportunities arising from the natural resources extraction industry, Natural Resources Canada (NRCan) is working with Indigenous Peoples, communities, and businesses to develop and implement a number of funding programs that support participation in the natural resource sectors, particularly those critical to the net-zero transition. These programs include, but are not limited to:

- The expansion of NRCan’s Indigenous Partnerships Office and the Indigenous Natural Resource Partnerships Program (\$103.4M in Budget 2022), which will provide opportunities for Indigenous communities to benefit from all types of natural resources projects, including critical minerals and clean energy, and would ensure Indigenous Peoples, communities, and businesses are ready to participate in the natural resource sectors of the future.
- The Indigenous Forestry Initiative, which provides financial support to Indigenous-led economic development projects in the forest sector. Since 2017, this initiative’s support has led to 45 new or expanded businesses, more than 787 jobs created, 952 Indigenous individuals trained in forestry-related competencies, and over 364 economic-development enabling products (including feasibility studies, business plans, workshops, etc.), and, with partnership support, \$12.2 million of capital funded.
- The Clean Energy for Rural and Remote Communities (CERRC) Program, which provides funding for renewable energy and capacity building projects and related energy efficiency measures in fossil-fuel reliant Indigenous, rural and remote communities across Canada. CERRC is supporting 118 projects nationally. 90% of these projects are located in Indigenous communities with 75% of them being Indigenous-led.
- As part of the government’s effort to streamline the delivery of funding programs in the clean energy space, Budget 2021 committed \$36 million in investments over three years, starting in 2021-2022, through the Strategic Partnerships Initiative (SPI), a federal program within which NRCan participates, to build capacity for local, economically-sustainable clean energy projects in First Nations, Inuit, and Métis communities. This investment plays a complementary and enabling role in the advancement of Canada’s Strengthened Climate Plan and Indigenous Climate Leadership, specifically as it relates

to the co-development and co-implementation of regional clean energy initiatives, which will contribute directly to Canada's Net-Zero Emissions target.

- Further, the development of the Clean Energy for Indigenous and Remote Communities Hub, in tandem with Crown Indigenous Relations and Northern Affairs Canada (CIRNAC) and Indigenous Services Canada (ISC), along with support from Infrastructure Canada (INFC) and Environment and Climate Change Canada (ECCC), will help deliver the announced Strengthened Climate Plan funding of an additional \$300 million through a single-window approach to better coordinate federal funding. The Hub launched in April 2022.
- The Impact Canada Indigenous Off-Diesel Initiative has provided \$31 million over four years (2019-2023) to support Indigenous led capacity building, energy planning and clean energy projects in 21 remote Indigenous communities.
- The Two Billion Trees Program, which aims to motivate and support new tree planting projects, and includes \$500 million over ten years in funding for Indigenous-led projects, which represented 12% of all (63) projects funded in 2021-22.
- The Smart Renewables and Electrification Pathways (SREPs) program, which aims to accelerate renewable energy and grid modernization projects to support the Government's target of a net-zero electricity grid by 2035. SREPs has a minimum \$100M carve out for Indigenous-led projects. Projects that are majority Indigenous owned qualify for funding up to 75% of total project costs.

In addition to these investments, NRCan is working with Indigenous partners on a number of key initiatives that will support Indigenous partners in unlocking the economic opportunities associated with natural resource sectors, including those that will be prominent in a net-zero economy.

In June 2022, NRCan began working with Indigenous partners to establish Regional Energy and Resource Tables, collaborative fora that will bring the federal, provincial and territorial governments together with Indigenous partners, and others to identify and advance the top economic priorities in the natural resources space in every region of Canada. The development of a place-based economic strategy resulting from this work will support the development of a sustainable natural resources-driven economy that reflects Indigenous priorities and interests.

Through engagement with Indigenous groups, provinces and territories, and industry, NRCan is also working to develop a new National Benefits-Sharing Framework. The Framework will aim to ensure that Indigenous communities benefit from major resource projects in their territories, and have enhanced capacity to participate in the natural resource sector, especially those critical to the net-zero transition.

Last, The Canadian Minerals and Metals Plan, stewarded by NRCan, is a pan-Canadian strategy developed with provinces and territories, industry, and Indigenous business representatives, that lays out the vision for a stronger and more competitive mining sector. The Plan's Secretariat works collaboratively on measures to advance Indigenous participation and business activity in the sector, which has so far included procurement conferences, mining webinars, and an upcoming local procurement checklist.

Through Canada's 2030 Emissions Reduction Plan and Budget 2022, the Government reconfirmed its commitment to advancing Indigenous Climate Leadership by providing \$29.6 million over three years, starting in 2022-23, to CIRNAC to support the co-development of an Indigenous Climate Leadership Agenda and phased implementation of distinctions-based climate strategies. "Recognizing Indigenous climate leadership means investing in the agency of Indigenous Peoples and communities, supporting Indigenous-led and delivered solutions, equipping Indigenous Peoples with equitable resources, and ensuring appropriate access to funding to implement self-determined climate action and a strengthened climate plan (A Healthy Environment and a Healthy Economy, December 2020)." This initiative will work with First Nations, Inuit, and Métis to build capacity and roadmaps for self-determined climate action, including Indigenous peoples' inclusion in climate governance and policy, and for the transition to Indigenous-led and delivered climate programming. The goal of this work is to recognize and respect Indigenous Peoples' leadership and agency, to enable integrated

community climate action and decision-making on mitigation and adaptation, and to couple climate action and reconciliation.

CIRNAC's Northern Responsible Energy Approach to Community Heat and Electricity Program (Northern REACHE) funds renewable energy and energy efficiency projects, and related capacity building and planning in northern Indigenous communities with the aim of reducing reliance on diesel and building clean energy capacity. Since its inception in 2016, the program has supported 140 community-scale clean energy projects.

The SPI operates in a whole range of sectors including natural resources extraction. Budget 2021 committed \$36 million in investments over three years, starting in 2021-22, for SPI to build capacity for local, economically-sustainable clean energy projects in First Nations, Inuit, and Métis communities. This investment plays a complementary and enabling role in the advancement of Canada's strengthened climate plan and Indigenous Climate Leadership, specifically as it relates to the co-development and co-implementation of regional clean energy initiatives, which will contribute directly to Canada's Net-Zero Emissions target.

Generally, Regional Development Agencies (RDAs) support projects that allow small and medium enterprises, including Indigenous-owned companies, to seize opportunities related to large-scale natural resources projects (i.e., mining, forestry and energy) as suppliers of value-added technologies, products and services. RDAs are also increasing their efforts to help businesses and other ecosystem players make the transition to clean technologies and more environmentally-friendly operations, while adopting measures to mitigate the impact of climate change. These efforts could result in strategic partnership with Indigenous organizations to ensure their needs are effectively addressed.

Several RDAs offer support to Indigenous Peoples, businesses, and communities in identifying and participating in clean energy opportunities, leveraging resources toward equal (or majority) ownership of new projects, boosting engagement, increasing capacity, and facilitating private sector partnerships.

Examples of these activities include:

- \$1.3 million to Cheetah Resource Corporation's Nechalacho Rare Earth Demonstration Project in the Northwest Territories which supported the purchase of an innovative, high-tech sensor-based ore sorting machine whose ground operations are being managed by a Yellowknife Dene First Nation's corporation on whose traditional territory the mine resides (delivered by the Canadian Northern Economic Development Agency (CanNor));
- \$1.1 million to Waubetek Business Development Corp. in Northern Ontario to establish a Centre of Excellence for Indigenous Mineral Development that will create new employment and business opportunities (delivered by the Federal Economic Development Agency for Northern Ontario (FedNor));
- Over \$15 million in projects related to Northern Ontario's Ring of Fire since 2010, including \$4.9 million for the Nishnawbe-Aski Development Fund (delivered by FedNor) and \$1.25 million to support individual communities (delivered by Indigenous Services Canada (ISC));
- \$619,000 to Cowessess First Nation and Cowessess Wind Developments Ltd. to expand and commercialize a hybrid renewable energy generation system in Saskatchewan (delivered by the Department of Western Economic Diversification (PrairiesCan));
- The Pacific Economic Development Agency of Canada's support, through SPI, to the British Columbia Indigenous Clean Energy Initiative (BCICEI). The initiative has supported 93 clean energy projects across the province totalling almost \$18.1 million.

## **BARRIERS SPECIFIC TO NORTHERN AND REMOTE COMMUNITIES**

***Recommendation 22: That the government of Canada take into account the impact of remoteness and isolation on the funding mechanisms and the level of funding provided when designing and offering economic development programs and services to Indigenous peoples.***

### Response:

The Government is committed to considering the impact of remoteness and isolation when funding economic development initiatives. For example, the Strategic Partnerships Initiative (SPI) takes into account the impact of remoteness and isolation through development and implementation of specific place-based strategic plans to enable economic development in Indigenous communities. For core community economic development funding south of 60°, Indigenous Services Canada (ISC) considers remoteness and other factors.

Canada is currently in discussions with self-governing Indigenous governments through the Collaborative Self-Government Fiscal Policy development process to co-develop a methodology to calculate governance expenditure needs that reflect geographic circumstances. These discussions focus on both the systemic differences in costs to deliver programs and services depending on where they are delivered (different base funding models depending on location), as well as analyzing different inflationary pressures that exist in remote and isolated communities when compared to urban centres (a geographic price adjustor).

When determining the regional breakdown amongst the Regional Development Agencies (RDAs), many programs used a “base plus” funding model which recognizes the greater needs in delivering programs in remote, sparsely-populated areas like the territories.

The Atlantic Canada Opportunities Agency (ACOA) has over 30 points of service with officers in rural communities across Atlantic Canada, building on the presence of on-the-ground personnel across the region. The Economic Development Agency of Canada for the Regions of Quebec has 12 business offices that cover all the regions of Quebec, including remote and devitalized areas. This distributed structure reinforces the Regional Development Agencies place-based and distinction-based approach to economic development, notably for Indigenous small and medium enterprises and communities.

The Canadian Northern Economic Development Agency (CanNor) is rooted in the North and has an exclusive mandate for the territories. As investors in and advocates for the North, CanNor recognizes the region’s higher costs of doing business, and the Agency helps to cover those costs in the projects that it funds.

Through its seven regional offices that serve all regions of Northern Ontario, including rural and remote communities, the Federal Economic Development Agency for Northern Ontario (FedNor) provides place-based economic development. Regional offices ensure that programs, policies, and procedures reflect the lived realities of each region because front-line officers connect directly with clients in their communities. This approach aims to reduce barriers to access to programming for Indigenous people living in rural and remote areas.

The Department of Western Economic Diversification (PrairiesCan) is in the process of standing up seven new service locations across the Prairie region that will enhance presence, including in northern Alberta, Saskatchewan, and Manitoba. PrairiesCan is also delivering up to \$43 million in funding, over 10 years, beginning in 2018-19 to the Indigenous and community-owned and operated Arctic Gateway Group Limited Partnership for further maintenance and operations of the Hudson Bay Railway in Northern Manitoba. This is in addition to contributions being made by Indigenous Services Canada to the project. This railway provides vital access to essential goods and trade in northern Manitoba.

The Pacific Economic Development Agency of Canada (PacifiCan) is opening regional locations to increase our access to economic development programs and services across British Columbia. This includes Offices in Kelowna, Prince George and Victoria, augmented by staff located in Campbell River, Cranbrook, Fort St. John and Prince Rupert. This places officers closer

to many rural and remote communities, including First Nations, offering greater opportunities for direct engagement with local and regional Indigenous organizations and First Nations.

The Government of Canada has three core programs led by Natural Resources Canada (NRCan) and Crown Indigenous Relations and Northern Affairs Canada (CIRNAC), which work directly with remote Indigenous and Northern communities:

- Clean Energy for Rural and Remote Communities program (delivered by NRCan): \$220 million over eight years, starting in 2018-19, to support renewable energy and capacity building projects nationally;
- Impact Canada Indigenous Off-Diesel Initiative (delivered by NRCan): \$20 million over four years, starting in 2018-19 to support deep capacity building and funding for community-driven clean energy planning and renewable energy projects in remote Indigenous communities; and,
- Northern Responsible Energy Approach for Community Heat and Electricity (delivered by CIRNAC): \$53.5 million over ten years, starting in 2018-19, and \$5.4 million ongoing thereafter, for renewable energy projects in the North.

To date, these programs are supporting projects in more than 160 communities across Canada that aim to replace diesel and other fossil fuel generation with clean energy systems. Over 70% of the projects currently funded being Indigenous-owned or led. The Strengthened Climate Plan committed to invest an additional \$300 million over five years, starting in 2022-23, to ensure that rural, remote and Indigenous communities that currently rely on diesel have the opportunity to be powered by clean, renewable and reliable energy by 2030.

At the core of these programs has been a purposeful design to consider the increased costs and complexity to supporting community-driven capacity building initiatives and renewable energy projects in these areas of Canada where costs to procure, transport and build are significantly higher than in more connected rural and urban areas. Successful delivery of programming in remote and Northern areas should take into account these increased costs and must also be accompanied by flexibility in program design and timing of funding to proponents as shipping and construction seasons are short and disruptions caused by administrative layers, extreme weather and limited infrastructure can result in unforeseen delays.

***Recommendation 23: That the Government of Canada consider amending funding formulas to include local salaries in an attempt to address community economic leakage.***

Response:

Currently, funding formulas are established on a program-by-program basis. Under most programs, local salaries are considered an eligible expense and would be calculated using the prevailing wage for the region in which the position is located. Indigenous Services Canada (ISC) is open to examining salary-related funding shortfalls for specific programs, and also to starting a broader dialogue on funding formulas.

ISC community economic development programs for First Nations and Inuit south of 60° currently include local salaries as eligible expenses in project proposals.

The Canadian Northern Economic Development Agency's (CanNor) Northern Aboriginal Economic Opportunities Program can support the hiring of local Economic Development Officers by Indigenous rights-holders in the territories. By furthering community economic development, these officers are working to reduce community economic leakage.

***Recommendation 24: That the Government of Canada ensure that infrastructure funding reflects the realities of northern and remote Indigenous communities, as well as the importance of critical infrastructure in opening economic development opportunities; and that the Government of Canada find ways to meaningfully engage Indigenous businesses and communities on major infrastructure projects in the North.***

Response:

The Government is committed to better reflect in its program and service offering the Northern and remote circumstances of some Indigenous communities. For example, the Government of Canada launched Canada's Arctic and Northern Policy Framework in September 2019. For the first time, the federal government worked collaboratively with Indigenous representatives, and six territorial and provincial governments to define and co-develop this long-term vision for the Arctic and the North. The Framework builds on eight overarching and interconnected goals – people and communities, strong economies, comprehensive infrastructure, environment and biodiversity, science and Indigenous knowledge, global leadership, safety, security and defence, and reconciliation.

Reflecting the priority placed on infrastructure by northerners in the co-development of the Framework, Budget 2019 included \$400 million over eight years, starting in 2020-21, to enhance the National Trade Corridors Fund. Examples of investments in the North under the program include the Dehek'e' Frank Chanel Bridge Replacement in the Northwest Territories, feasibility studies for relocation of the Nain airport in Nunatsiavut, and funding for mobile equipment shelters and cargo facilities for Nunavut Airports.

Since the launch of the Framework, the Minister of Northern Affairs has convened annual Leadership meetings to understand the priorities of Northern partners, including Indigenous governments and organizations. These discussions have informed announcements in Budgets 2021 and 2022. Infrastructure-related initiatives include announcements related to hydroelectricity and grid interconnection and housing (see example below).

Working Groups composed of Framework partners have also been leveraged by other federal departments and agencies to support discussion of infrastructure-related initiatives with Northern partners, including Indigenous governments and organizations. For example, the Department of National Defence has used these mechanisms as part of their engagement on modernization of North American Aerospace Defense Command (NORAD), and Natural Resources Canada (NRCan) has engaged on Critical Minerals Strategy development.

Housing and infrastructure play an important role in enhancing the socio-economic positions of Canada's northern Regions. Through Budget 2021, historic investments were committed for the North to support the territories' urgent housing needs. These investments work in conjunction with the distinctions-based funding provided across the North to Inuit, Modern Treaty and Self-Government partners, and First Nations on-reserve to ensure that no Northern or Indigenous community is left behind as the Government of Canada works to close the housing and infrastructure gaps.

Building on these investments, Budget 2022 announced \$150 million over two years, starting in 2022-23, to support affordable housing and related infrastructure in the North, including: \$60 million to the Government of Nunavut; \$60 million to the Government of the Northwest Territories; and, \$30 million to the Government of Yukon. Through Budget 2022 investments and ongoing partnerships with Canada's territorial governments, the Government is empowering its territorial partners to ensure that all Northerners (Indigenous and non-Indigenous) have access to sustainable and safe housing and support the health and welfare of Northerners using "*made-in-the-North*" solutions.

Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) has established two dedicated Intergovernmental Housing Working Groups for Nunavut and Northwest Territories, the purpose of which is to advance whole-of-government approaches to address the critical infrastructure and housing needs of Nunavut and the Northwest Territories respectively.

The working groups are responsible for analyzing the complementarity of investments and help inform areas of policy gaps advanced by Indigenous Services Canada (ISC) and CIRNAC in support of distinctions-based and self-governing housing initiatives.

Infrastructure Canada is adopting measures to eliminate barriers and improve access for Indigenous peoples in order to respond better to the unique challenges and significant

infrastructure needs faced by Indigenous communities. These measures include: providing tailored approaches for Indigenous communities e.g., including minimum allocations, full and inclusive Indigenous eligibility, increased federal cost share (up to 100% of eligible costs), and flexibilities around asset eligibility, application process and other program parameters.

The Canada Infrastructure Bank's (CIB's) Indigenous Community Infrastructure Initiative currently has a target of at least \$1 billion for Indigenous infrastructure projects made in partnership with, and that benefit, Indigenous Peoples across the country. The CIB provides low-interest and long-term loans of at least \$5 million for community-based, revenue-generating projects from any of the CIB's priority sectors: green infrastructure, clean power, broadband, public transit and trade and transportation. Among other ongoing projects, the CIB recently partnered with Tlingit Homeland Energy Limited Partnership, has committed \$80 million towards the Atlin Hydroelectricity Expansion project. The Tlingit Homeland Energy Limited Partnership is fully owned by the Taku River Tlingit First Nation.

Inuit experience among the worst housing and infrastructure conditions in the country. With an overcrowding rate of almost 52%, Inuit in Inuit Nunangat experience the worst housing outcomes of any population in Canada and have very limited affordable housing options. Infrastructure gaps severely impact the availability of services for Inuit, including critical health care, and economic opportunities that other Canadians take for granted. The COVID 19 pandemic has exacerbated these already significant challenges. Addressing the housing and infrastructure gap in Inuit Nunangat is critical to achieving shared commitments including for improved economic and health outcomes.

Since 2016, the Government of Canada has committed significant and historic funding, including on a distinctions-basis, to improve the housing and infrastructure conditions in the four Inuit regions of Inuit Nunangat, including:

- Budget 2016: \$80 million over two years for Inuvialuit, Nunavik, and Nunatsiavut regions (delivered by CIRNAC) for Inuit-led housing, and \$76.7 million to Nunavut (delivered by the Canada Mortgage and Housing Corporation);
- Budget 2017: \$240 million over ten years for housing in Nunavut (delivered by the Canada Mortgage and Housing Corporation); and,
- Budget 2018: \$400 million over ten years for Inuvialuit, Nunavik, and Nunatsiavut regions (delivered by CIRNAC) for Inuit-led housing.
- Budget 2021: \$517.8 million over four years for Inuvialuit, Nunavik, Nunavut, and Nunatsiavut regions (delivered by CIRNAC) for Inuit-led infrastructure.
- Budget 2022: \$843.7 million over seven years for Inuvialuit, Nunavik, Nunavut, and Nunatsiavut regions (delivered by CIRNAC) for Inuit-led housing.

These investments complement direct and indirect investments through existing multilateral or bilateral (federal/provincial-territorial) agreements as well as other programs intended to help address the significant housing and infrastructure needs in Inuit Nunangat. CIRNAC delivered investments to Inuit land claims organizations are supporting Inuit-determined housing and infrastructure delivery. Inuit land claims organizations understand the needs of their communities best. They are mandated to prioritize the employment and training of Inuit and the contracting of Inuit owned businesses. This direct funding approach maximizes economic development opportunities associated with these investments.

Through the Inuit-Crown Partnership Committee, Inuit and the Government of Canada are working together to further understand and address housing and infrastructure needs including through the implementation of the co-developed 2019 Inuit Nunangat Housing Strategy.

Regional Development Agencies are well positioned to support small and medium-sized enterprises (SMEs) and other ecosystem players in seizing opportunities linked to major infrastructure projects in the North. This could include more meaningful engagement of Indigenous businesses to collaborate and accompany them in these opportunities. For example, the Atlantic Canada Opportunities Agency (ACOA) supported the Nunatsiavut Business Centre, which was successful in assisting numerous businesses to get established and to secure contracts with Voisey's Bay and other projects in Nunatsiavut.

Economic infrastructure is one of four areas of action highlighted by the Canadian Northern Economic Development Agency's (CanNor) Pan-Territorial Growth Strategy. CanNor invests in Indigenous-led infrastructure projects in different ways, from pre-construction readiness work and feasibility studies to construction. For example, in the Northwest Territories, the Tlicho government is working to bring broadband internet access to the rural community of Whati. This \$10.9 million project was made possible by joint funding from federal partners (CanNor and Innovation, Science and Economic Development Canada), the territorial government, and the Tlicho government itself.

## **BARRIERS SPECIFIC TO THE MÉTIS**

***Recommendation 25: That the Government of Canada work with all Métis leaders to ensure that Métis businesses and entrepreneurs have access to economic development programs such as the Aboriginal Business Entrepreneurship Program and the Canada Small Business Financing Program; and that the Government of Canada work with Métis leaders to co-develop programs and institutions to provide the Métis with economic development supports equivalent to those provided to First Nations and Inuit.***

### Response:

The Government of Canada is committed to continuing to work with Métis communities on improving access to economic development programs. Significant work is underway to engage with Métis leaders and economic development organizations to improve access to capital and economic development programs for Métis entrepreneurs. The Aboriginal Entrepreneurship Program (AEP) is currently being reviewed, which will include exploration of how Indigenous Services Canada (ISC) can continue to expand the capacity of Métis Capital Corporations, including funding to support the establishment of a central association to represent Métis Capital Corporations (the Association of Métis Capital Corporations).

The Canada Small Business Financing Program (CSBFP) is accessible to Indigenous businesses (including Métis businesses).

Métis applicants are also eligible recipients of Regional Development Agency programming. For example, within the Canadian Northern Economic Development Agency's (CanNor) Northern Aboriginal Economic Opportunities Program, Métis are now eligible for core funding under the Community Readiness and Opportunities Planning fund and have been eligible for project-based funding since 2017. With respect to the Economic Development Agency of Canada for the Regions of Quebec, programs are accessible to all eligible small and medium-sized enterprises (SMEs) and organizations, including Métis-led or -owned organizations. The Federal Economic Development Agency for Northern Ontario (FedDev) also works closely with the Métis Voyageur Development Fund through the Agency's Aboriginal Impact Capital project with southern Ontario's Aboriginal Financial Institutions to support "mid-market" Indigenous firms. For its part, the Department of Western Economic Diversification (PrairiesCan) has entered into a memorandum of understanding (\$15 million over three years) with the Manitoba Métis Federation (MMF) to strengthen economic development. The MMF project is a unique approach, and includes investments in the development of Métis economic plans, community engagement strategies, skills training and job creation, business development and growth, as well as investments in capital assets.

Métis applicants are eligible recipients of Natural Resources Canada (NRCan) programming like the Indigenous Natural Resource Partnerships program, the Indigenous Forestry Initiative (IFI) and the 2 Billion Trees (2BT) program. For example, the Manitoba Métis Federation was provided support through a \$150,000 grant agreement under 2BT to help address current resource gaps and strengthen their capacity to participate in future calls. They and other Métis governments and organizations continue to be engaged in the co-development efforts for an inclusive governance approach for the 2BT program's Indigenous Funding stream (\$500 million). The IFI, in partnership with the Métis Settlements General Council, the province of Alberta and Agriculture and Agri-Food Canada, is leading an \$8.6 million Strategic Partnerships Initiative project that focuses on strategies to capitalize on the land holdings, population and

governance, and law-making authorities of the Métis Settlements to reposition economic participation towards value-added and entrepreneurship opportunities.

***Recommendation 26: That the Government of Canada work with Métis leaders to re-establish the Métis Economic Development Strategy; that it recognizes and provides for the distinct and specific challenges the eight Métis Settlements of Alberta face; and that it be accompanied by sufficient capital and financing.***

Response:

The Government is committed to working toward re-establishing the Métis Economic Development Strategy. This has been a key focus of discussions between the Métis National Council and the Government of Canada during recent Permanent Bilateral Mechanism meetings. It is expected that this work will continue in close collaboration with the Métis National Council and its Governing Members, including their respective financial institutions, and will be complemented by parallel engagement with the Manitoba Métis Federation and the Métis Settlements of Alberta.

## **CONCLUSION**

The Government of Canada thanks the Committee for its work on these recommendations. The Government also thanks the witnesses for once again bringing before the Committee, important issues and evidence for action. The report of the Committee laid bare the ongoing impediments and inequities faced by Indigenous communities in achieving economic self-determination and the advantages and opportunities it will afford. It also provides a clear path toward economic growth. A path that the Government of Canada looks forward to walking with First Nations, Inuit and Métis partners.