

# ***Sharing Canada's Prosperity – A Hand Up, Not A Handout***

**Final Report of the  
Standing Senate Committee on Aboriginal Peoples**

***Special Study on the involvement of Aboriginal communities and  
businesses in economic development activities in Canada***



**a formal response by**

## **Nunavut Tunngavik Inc.**

**Iqaluit, Nunavut  
July, 2007**

***Inuit economic, social and cultural well-being  
through the implementation of the  
Nunavut Land Claims Agreement***

## **1.0 EXECUTIVE SUMMARY**

Nunavut Tunngavik Inc (NTI) is the land claims organization representing Inuit of Nunavut.

NTI is pleased to respond to the Standing Senate Committee on Aboriginal Peoples' Report: *Sharing Canada's Prosperity - A Hand Up, Not A Handout*.

We appreciate the open and candid tone of the Report. It takes a constructive approach to problems faced by Inuit and by other Aboriginal peoples in Canada.

NTI strongly supports the conclusions of the Committee

### **Institutions and Infrastructure**

We agree with the Report's observations that many Aboriginal entities do not yet have the business management capacity or suitable business governance structures needed to succeed in the local, regional or national marketplace. But some of the institutional structures needed to support that success are beyond the reach of many small Aboriginal organizations or companies. Many communities in Nunavut lack basic institutions like accessible banks, or bookkeeping services, and often can do little to effect change in such areas.

The infrastructure needs in Inuit communities are similar in certain respects to those of First Nations communities elsewhere in Canada. But the federal government's requirements to address those needs differ, due to regional requirements and because many of Nunavut's infrastructure responsibilities are now the responsibility of the Nunavut government.

We firmly support the Recommendation to close the infrastructure gap, but even a short list of infrastructure needs for Nunavut will come in at over \$1 billion. Action is needed to "close the gap," and flexibility is needed in the timeframe for planning purposes.

Recognizing that there must be a commitment to meet the infrastructure needs of Nunavut communities, we recommend that NTI be a full participant in infrastructure discussions between Nunavut and Ottawa.

### **Partnerships With Industry**

"Industry" can be Aboriginal as well as mainstream, non-Aboriginal business. Inuit are owners of airlines, construction companies, cargo ships, retail operations, and real estate. Successful joint venture partnerships can be between Aboriginal peoples. Initiatives to facilitate partnerships between Aboriginal people and industry should therefore include input from successful, established Aboriginal businesses.

## **Institutional Change – Economic Development Programs**

NTI agrees that structural change is necessary. There is an ongoing need for Inuit firms and government to build capacity, improve governance mechanisms, and acquire the experience needed to run our own institutions.

The Report stops short of recommending the same type of examination of governance structures within the federal government as it advocates for Aboriginal organizations. The Government of Canada will also need to make profound systemic changes to its own public administration if Aboriginal economic development is to be a truly strong priority. Some of the operational malfunctions within government, and in government departments specific to Aboriginal economic development, must be dealt with. Otherwise, we do not believe that the Report's recommendations can be effectively implemented.

## **Training and Education**

Adult Basic Education in Nunavut has been provided in an inconsistent manner which has not met the needs of communities. In a territory with only a 25% high school completion rate this has been a serious shortcoming. The Government of Nunavut is currently seeking to implement a new approach in this area, but the involvement of the federal government is also required.

Some federally-funded initiatives hold promise for a renewed relationship between Aboriginal groups and non-Aboriginal business, particularly the Aboriginal Workforce Placement Initiative (AWPI).

A second area not discussed in the Report relates to long-range development towards management positions, using combinations of mentoring, training, and access to varied experience.

## **Disparities and Inuit Culture**

The Report contains references to “social and economic disparities.” Disparities are real and are the product of historical circumstance and disempowerment. Nevertheless Inuit culture remains strong. The vibrancy of Inuit film, graphic arts and sculpture demonstrate a living and healthy culture.

## **The Current Relationship**

To build further upon the Report, attention is required to the programs and processes put in place over the past twenty or more years. These include the original Canadian Aboriginal Economic Development Strategy (CAEDS) and other important economic development and human resource programs of the last two decades, such as the efforts of Aboriginal Business Canada (ABC), and the current attempts to amalgamate its

function with that of DIAND economic development programs. These programs need to be considered in further discussion of a coherent federal approach to Aboriginal economic development.

The history of the Aboriginal Human Resources Development Strategy (AHRDS) is an example of the way Inuit are losing ground rather than making progress when working with the Government of Canada. From the point of view of Inuit economic development organizations in Nunavut, and throughout Canada, the first round of AHRD agreements in the 1990s were among the best federal economic development program models devised for democratic, effective local action. Unfortunately the quality of the AHRD agreements was severely diminished when they were rewritten by HRSDC in 2001.

Nunavut Inuit also face problems specific to Nunavut. First, since 1993 the federal government has failed to develop an overall procurement policy in accordance with Article 24 of the NLCA ("Government Contracts").

More recently, federal Treasury Board officials have declared that the Procurement Strategy for Aboriginal Business (PSAB) is not mandatory for federal contracts in Nunavut when the recipient of the service is the Crown, not Inuit. As well, in these officials' interpretation, Article 24 supersedes the PSAB. With no agreed Article 24 policy in place, this is a no-win situation for Inuit.

### **Conclusion**

NTI wishes to thank the Committee for its clear and forthright Report. With the Committee's specific claims policy report, we have two important proposals which will help mark the way forward for Aboriginal peoples within Canada.

NTI enthusiastically endorses the Report's recommendations, and would be pleased to work with the Senators and others to advance them in any way possible. NTI is also prepared to make a further presentation to the Standing Senate Committee on Aboriginal Peoples, or any other appropriate group within the Government of Canada, to explain in greater detail some of the ideas presented in this response.

### **NTI recommendations**

- The federal government must establish Aboriginal economic development as one of its main priorities.
- The federal government must make a deep and considered shift in its administrative structures, and in its approach to meeting the objectives and obligations of land claims agreements, if it is to effectively advance Aboriginal economic development.
- NTI supports the idea of a partnership with the federal government to design appropriate support structures to improve Inuit institutional performance.

- Funding and adequate programs for Adult Basic Education are required. The federal and Nunavut governments must both address this situation.
- NTI should be a full participant in infrastructure discussions between Nunavut and Ottawa.
- Any initiative to “facilitate partnerships between Aboriginal people and industry” must include the input of successful, established Aboriginal businesses.
- NTI and the federal government must develop and implement suitable procurement policies in accordance with Article 24 of the NLCA.
- The federal government must come to a fair and reasonable determination as to how the PSAB is to be applied in land claims settlement areas.

## 2.0 PREFACE

In November, 2004 the Standing Senate Committee on Aboriginal Peoples agreed to undertake a study of issues concerning Aboriginal economic development. Over a two-year period, the Committee conducted 31 meetings and heard from 155 witnesses. Its final report on this subject, *Sharing Canada's Prosperity - A Hand Up Not a Handout* was issued in March, 2007.

Nunavut Tunngavik Incorporated (NTI), the land claims organization representing Nunavut Inuit, made a presentation to the Committee on November 28, 2006 and considers the Final Report of sufficient importance to merit a formal response.

NTI strongly supports the conclusions of the Committee. We appreciate the open and candid tone of the Report, which takes a very constructive approach to problems faced by Aboriginal peoples, including Nunavut Inuit. This is important in moving forward the concerns of Aboriginal people within Canada.

The Report highlights a question with which NTI must constantly deal: how can Inuit work with government to meet our objectives?

Many of the problems we have with federal programs have arisen because the government has not allowed Inuit to set our own objectives. The result has been an uncomfortable and often adversarial relationship. Although the federal government sometimes speaks in terms of a "renewed partnership", the unstated assumption is often that the Government of Canada has a controlling interest and that Inuit are the junior partners.

NTI fully understands Harry D. Cook's statement that, "reliance on the federal government was harmful to the community and to the economy," but we would say that this applies to reliance on the government to *lead*, rather than *support*, Aboriginal economic development. Given the nature of the Nunavut economy, and the requirement for developmental expenditures, requirements which are beyond local and territorial fiscal capacity, the federal government has an important role to play in developing the Nunavut economy. Inuit businesses rely heavily on the federal government as one of their main customers, but while major federal investment in the Nunavut economy is still required, Inuit firms can no longer look to federal funding programs as the driving force for business development per se.

We must also point out that dependency on government to attain economic objectives, as a problem affecting Aboriginal communities, can easily be overstated. All Canadians have a significant dependency on government, at federal, provincial and local levels, for health care, transportation infrastructure, schools, policing, trade regulation, agricultural marketing, tariffs, and so on. Such responsibilities and services provide a framework for economic activity, and make up a complex infrastructure of support, the dependency on which is taken for granted by most Canadians.

It is worth commenting on the Report's references to "social and economic disparities" between Aboriginal and non-Aboriginal populations. Indeed there are gaps: Inuit life expectancy is notably lower than the national average; infant mortality, bronchiolitis and tuberculosis rates are far higher; housing conditions and employment levels are worse; suicide and violent crime rates are appalling. These indicators reflect the underdevelopment of Nunavut economy and historical circumstances of disempowerment that continue to exert an influence. But we need to add that, while Inuit may be economically disadvantaged in comparison to non-Aboriginal Canadians, and have experienced colonization and social disruption, cultural strengths endure. Inuit community and family bonds are typically far stronger than one finds in southern urban communities and the Inuit language, although it has experienced erosion, remains strong.

The vibrancy of Inuit film productions, graphic arts and sculpture demonstrate a living and healthy culture. Communities like Igloolik and Cape Dorset, are among Canada's most outstanding examples of cultural vitality.

It would build on the Report also to consider some of the programs and processes put in place over the past twenty years.

For example, the first Canadian Aboriginal Economic Development Strategy (CAEDS), and the reasons for its demise, warrant some discussion. Nunavut regional Inuit Community Economic Development Organizations (CEDOs) are the only organizations in Canada that managed to pull together the original CAEDS vision, despite the demanding and often contradictory reporting requirements from Industry Canada, DIAND and HRSDC. The integrated delivery of the CAEDS core programs<sup>1</sup> has made the Nunavut CEDOs some of "the most effective CEDOs in the country," according to a profile done as part of the 2003 review of the Community Economic Development Program (CEDP) commissioned by DIAND<sup>2</sup>.

There are some important federal human resource initiatives that are strongly related to economic development.<sup>3</sup> The efforts of Aboriginal Business Canada over the years, or the current attempts to amalgamate its function with that of DIAND economic development programs, are also worthy of note. Consideration of these programs is essential to a comprehensive discussion of economic development needs.

If Inuit organizations and business are to succeed with the support of the Government of Canada, the government will need to make profound systemic changes if Aboriginal economic development is to be a central priority.

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<sup>1</sup> The DIAND Community Economic Development Program (CEDP), the HRSDC Aboriginal Human Resource Development Agreement program, and Aboriginal Business Canada's "Alternate Service Delivery"

<sup>2</sup> CEDP Review – Kakivak Association Profile – New Economy Development Group 2003

<sup>3</sup> The Aboriginal Human Resource Development Strategy (AHRDS) and associated Aboriginal Skills and Employment Partnership (ASEP); the Aboriginal Workforce Placement Initiative (AWPI); and the Aboriginal Human Resource Development Council of Canada (AHRDCC).

NTI's point-by-point response to the Report's recommendations is detailed below. We have included a section on the particular difficulties NTI has encountered with federal economic development programs and obligations relating to implementation of the NLCA.



## **3.0 CHAPTER-BY-CHAPTER COMMENTARY**

### **PART I: INTRODUCTION**

The "Preface" and "Introduction" provide concise descriptions of keys to successful development and barriers to change. The keys to success require no recommendations, but some merit a short comment. The factors of Leadership and Vision, and Understanding the Complementary Roles of Politics and Business go hand in hand. Nunavut has been fortunate to have had land claims negotiators and leaders who have recognized the inverse relationship between political involvement and economic success, and who have developed structures to keep business accountable while at arm's length from political bodies. Those leaders have also understood the need for culturally appropriate economic development activities.

Most of the barriers discussed are covered in different sections of the Report.

The "Introduction" includes the statement that "Aboriginal involvement in economic development activities has done more to change the lives of Aboriginal people in the last decade than any number of government programs." This observation underlines the fact that many Aboriginal communities have learned that they must take the initiative in making their own way, because "any number of government programs" have not made adequate improvement to community well-being. This is followed up in later sections.

## PART II: NEED FOR NEW APPROACHES TO ABORIGINAL ECONOMIC DEVELOPMENT

### Recommendations 1 - 4:

- Strengthened commitment;
- Lead Partnerships;
- One-stop Agency;
- New CAEDS

The first four recommendations of the Report are closely interrelated, and NTI supports them. Certainly more funding, and better coordination between governments and among departments is needed, and a new CAEDS may be useful.

#### **Recommended Action #1:**

**That** the Government of Canada take immediate steps to strengthen its commitment to Aboriginal economic development as one of its key priorities and that Aboriginal economic development funding be increased to reflect a larger proportion of the federal government's budget allocation.

However, NTI strongly believes that in order to fit the title of this chapter, the federal civil service requires a profound shift in structure and attitude, and equally profound changes in priorities with respect to Aboriginal people and Aboriginal economic development.

Part II of the Report goes into frank detail about how the federal government has fallen short in delivery of economic development programs. The Report stops short of recommending the same type of examination of governance structures within the federal government as it advocates for Aboriginal organizations. But unless the federal government really addresses ways to repair some of the deep operational malfunctions, specific to Aboriginal economic development within its own bureaucracy, leading "partnership" initiatives with provincial/territorial governments, moving positions around to create a new "one-stop" agency, or adjusting the PSAB will be of limited effectiveness.

#### **Recommended Action #2:**

**That** the Government of Canada take a leadership role to establish, in partnership with provincial and territorial governments, regional Aboriginal economic development funds, and that such funds include entrepreneurial, education and training components targeting First Nations, Inuit and Métis individuals.

For example, Part II, referring to a new central economic development agency, states that "The Committee concludes . . . that such an agency should not be housed at the Department of Indian Affairs and Northern Development, whose *concrete, reinforced silos and historic reluctance to deal meaningfully with the*

*Aboriginal off reserve, urban and Métis populations make it a poor candidate.*"<sup>4</sup> NTI shares this candid assessment but believes that the analysis must be taken further, not limited to DIAND.

The experience of Inuit economic development organizations in Nunavut since 1989 is instructive. As noted in the Preface above, starting in 1989 Inuit negotiated multi-year agreements with DIAND and HRDC/HRSDC in which decision-making was made by Inuit Boards, or by staff directed by Inuit boards. These programs have been outstandingly successful for Inuit. In 2001 the Nunavut CEDO also negotiated an

<sup>4</sup> *A Hand Up, Not A Handout*, P. 23 Emphasis added.

"Alternate Service Delivery" agreement with Aboriginal Business Canada (ABC) with the same intent.

**Recommended Action #3:**

**That** the Government of Canada, in close collaboration with First Nations, Métis and Inuit organizations, develop a new Canadian Aboriginal Economic Development Strategy which respects regional and identity-based differences and employs an integrated, cross-sectoral, long-term approach, rather than the current short-term, project-based approach.

The most exemplary agreement was the flexible, multi-year, multi-million dollar Aboriginal Human Resource Development (AHRD) agreement negotiated for the first round of the AHRD Strategy in 1996. This agreement allowed funds to be rolled forward from one year to the next, and left decision-making mostly in the hands of Inuit boards, while being truly accountable both to Inuit and to the federal government. From the point of view of Inuit economic development organizations in Nunavut, the first round of AHRD agreements provided one of the best federal economic development program models ever devised for truly democratic, effective local action.

Unfortunately the quality of the AHRD agreements was severely diminished when they were rewritten in 2001, over the strenuous objection of all the national Aboriginal organizations, including Inuit Tapiriit Kanatami, the Assembly of First Nations, the Congress of Aboriginal Peoples and the Metis National Council. Since 2001 the federal government has taken numerous steps which enfeeble the effectiveness of Inuit economic development agreements.

**Recommended Action #4:**

**That** the Government of Canada, in close collaboration with First Nations, Métis and Inuit organizations, establish a stand-alone economic development agency, separate from government departments and central agencies, to deliver Aboriginal economic development programming and implement the renewed Aboriginal Economic Development Strategy.

Justification for this trend has generally been on two grounds:  
a) that Inuit priorities were not in line with government priorities, or  
b) that Inuit decision-making did not provide the government with suitable accountability mechanisms.

Briefly, NTI's rebuttal is:

a) that the government should no longer be setting economic development priorities for Inuit, and  
b) retrenchment promoted in the name of accountability over the past seven years has reintroduced centralized decision-making in Ottawa of the kind that has characterized the worst historic features of federal relations with Aboriginal people.

This point is consistent with the findings of the *Report of the Blue Ribbon Panel on Grant and Contribution Programs* in a more general context:

"The unanimous message from our consultations and our face-to-face meetings led the panel to one overarching conclusion: there is a need for fundamental change in the way the government understands, designs, manages and accounts for most of its grant and contribution programs."<sup>5</sup>

If the federal government wishes to undertake a renewed CAEDS it must address the roots of the collapse of the first CAEDS. Likewise, if a new stand-alone economic

<sup>5</sup> *From Red Tape to Clear Results: The Report of the Independent Blue Ribbon Panel on Grant and Contribution Programs*, P. 30.

development agency is created it must be done with deep reflection on lessons learned to date.

## **Recommendation 5: Rescind cuts to equity programs**

### **Recommended Action #5:**

That, as an interim measure, the Government of Canada act immediately to rescind the previous funding cuts made to the Department of Indian Affairs and Northern Development's economic development equity programs.

Agreed.

One of the principal barriers to development described in the introduction is access to financial capital. This concept must be refined to the two subcategories of access to debt financing and access to equity.

As Inuit development corporations in Nunavut have grown, they have gained considerably more access to debt financing both

through the conventional banking system and the Business Development Bank of Canada. One exception to this has been access to bonding for construction projects. Some of the insurance companies that provide bonding services exclude Aboriginal businesses from access to their services. This goes beyond the case of small, reserve-based companies that may not be able to provide sufficient private collateral. Without justification it is generalized to all Aboriginal firms, including Inuit firms with significant assets that are not affected in any way by *Indian Act* restrictions.

Paradoxically, as the capacity of Inuit firms to master larger projects has grown, and access to debt financing has become easier, larger Inuit firms have found that access to sufficient equity has become a significant challenge to progress.

## **Recommendation 6: Government of Canada reaffirm its commitment to PSAB**

### **Recommended Action #6:**

That the Government of Canada reaffirm its commitment to the Procurement Strategy for Aboriginal Business (PSAB) and, in collaboration with Aboriginal organizations, take immediate steps to address the outstanding issues relating to the PSAB, including eligibility and content criteria.

NTI agrees strongly with the recommendation to reaffirm its commitment to the Procurement Strategy for Aboriginal Business (PSAB), while addressing outstanding eligibility and content issues.

Nunavut Inuit have had particular problems with PSAB, the result of interpretations made of its relation to the NLCA.

Over the past few years Treasury Board officials have adopted the position that government contracts in Nunavut, such as DEW Line clean-ups, are not meant for Nunavut Inuit but for the Crown, so application of the PSAB is discretionary, not mandatory. As well, in their interpretation, Article 24 of the NLCA ("Government Contracts") supersedes the PSAB and cannot be applied in conjunction with it.

Officials have further declared that contractual requirements, such as those for minimum Aboriginal employment levels, cannot be "layered" into PSAB tenders or proposals.

For these reasons the federal government's administration of the PSAB is extremely frustrating to NTI. Since 1993 we have been trying to get the federal government to reach agreement with us on procurement policies "respecting Inuit firms for all Government of Canada contracts required in support of its activities in the Nunavut

Settlement Area.”<sup>6</sup> As we have not agreed to a method for implementing Article 24, we find it difficult to see how Article 24 can be held to supersede the PSAB. Moreover, the NLCA specifically states that its provisions should not deny Inuit access to ordinary government services or programs.<sup>7</sup>

NTI believes that this situation exemplifies the view of the Auditor General, quoted in the Report, that while “officials may believe that they have met their obligations” they have in fact “not worked to support the full intent of the land claims agreements.”<sup>8</sup> It is our experience that a number of civil servants with whom we have had to deal over the years hold the view (and in fact on occasion have stated) that the NLCA was a gift from the Crown to Inuit, and Inuit should not be asking for any further benefits than those within the NLCA, as those are interpreted by the same officials.

NTI suspects that Nunavut Inuit are not the only Aboriginal group in the country that has run into this dilemma. We strongly recommend that, as part of the re-tooling of the PSAB process, a sincere and serious set of negotiations take place to reconcile land claims agreement obligations with PSAB opportunities for Aboriginal people living within a settled land claim area.

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<sup>6</sup> *Nunavut Land Claims Agreement*, 24.3.1.

<sup>7</sup> *Nunavut Land Claims Agreement*, 2.7.3 (b): “Nothing in the Agreement shall . . . affect the ability of Inuit to participate in and benefit from government programs for Inuit or aboriginal people generally as the case may be; benefits received under such programs shall be determined by general criteria for such programs established from time to time.”

<sup>8</sup> *A Hand Up, Not A Handout*, P. 42.

### PART III: INDIAN ACT BARRIERS TO ECONOMIC DEVELOPMENT ON RESERVE

The *Indian Act* is not relevant to Inuit, except when Inuit have to deal with federal officials or private corporations who do not know that it does not apply to Inuit.

#### **Recommended Actions #7 - #9:**

**That** the Government of Canada, in collaboration with the Assembly of First Nations and other appropriate First Nations' organizations, immediately establish a process to review the negative impacts of the *Indian Act* on on-reserve economic development and develop, in a timely fashion, joint solutions to address *Indian Act* restrictions that limit or prevent on-reserve development;

**That** the Government of Canada, in collaboration with the First Nations Land Advisory Board, the Assembly of First Nations and other affected First Nations, take the necessary steps to extend the application of the *First Nations Land Management Act* to additional First Nations and ensure that signatory First Nations under the *Act* are adequately funded;

**That** the Government of Canada, in collaboration with the First Nations Land Advisory Board, the Assembly of First Nations and other interested First Nations' organizations, develop a national First Nations land registry system.

## PART IV: SECURING ACCESS TO LANDS AND RESOURCES

Inuit, all of whom in Canada now have signed final land claims agreements, do not face the same level of uncertainty regarding access to our own land that many First Nations continue to face.

### Recommended Action #10:

**That** the Government of Canada, in collaboration with Aboriginal organizations and communities, develop and implement a national Aboriginal Consultation and Accommodation Framework, consistent with Supreme Court of Canada rulings, and that such a Framework identify steps to ensure that resource revenue sharing arrangements be negotiated with affected Aboriginal groups in instances where federal approvals for resource development projects are triggered.

### Recommended Action #11:

**That** the Government of Canada develop targeted programs to support the land and natural resource management capacity of Aboriginal communities, including the possible establishment of an Aboriginal land and resource management agency

The case study of the Inuvialuit Agreement on page 41 of the Report demonstrates the value of arriving at a land claims settlement, in comparison to having no clear rules regarding tenure.

The confidence that comes from settled land claim and from associated impact and benefit agreements is relevant to mining and other resource development. Such agreements enable all parties to work out partnerships based on ownership or adjacency to the resource, and encourage local opportunities and entrepreneurship. It is important to make sure that Aboriginal people benefit from their own resources, while providing security of tenure and investments to all parties.

Regarding resource revenues, in Nunavut Inuit hold the surface title to 350,000 square kilometres and the sub-surface title to 38,000 square kilometres. Royalties from lands to which Inuit own the subsurface title are paid to NTI. The Crown owns the remaining two million square kilometres, and royalties from Crown lands accrue to the federal government.<sup>9</sup>

Inuit make up 85% of the population of Nunavut, and NTI strongly supports the efforts of the Government of Nunavut to secure the transfer of natural resource administration and control, and associated royalties, from the federal to the Nunavut government.

NTI has participated as a full party in the devolution discussions to date, but formal negotiations have yet to commence.<sup>10</sup>

### **Recommendation 10: Aboriginal Consultation and Accommodation Framework**

NTI recommends that Nunavut Inuit continue to work directly with the federal government through mechanisms of the NLCA.

### **Recommendation 11: Re: Land Management Capacity**

The NLCA has sufficient provisions in this regard.

<sup>9</sup> Under Article 25 of the NLCA, 50% of the first \$2 million of resource royalties received by Government per year from Crown lands, and a further 5% of any additional resource royalties received by Government from Crown lands, is to be paid to the Nunavut Trust (established under the NL:CA for beneficiaries)..

<sup>10</sup> In June 2007, the Minister of Indian Affairs and Northern Development released the *Mayer Report on Nunavut Devolution*.



## PART V: INSTITUTIONAL DEVELOPMENT (GOVERNANCE)

### Recommendations 12, 13, 14: Increase subsidies to Aboriginal Capital Corporations; Establish a comprehensive Aboriginal Natural Resources Economic Development Strategy; An institution for excellence and capacity building.

#### **Recommended Action #12:**

**That** the Government of Canada, in collaboration with the National Aboriginal Capital Corporation Association of Canada, take immediate steps to remedy the lack of operating subsidies currently provided to Aboriginal Capital Corporations.

#### **Recommended Action #13:**

**That** the Government of Canada, in collaboration with Aboriginal organizations, establish a comprehensive Aboriginal Natural Resources Economic Development Strategy, and that the Strategy include institutional arrangements to support increased Aboriginal capacity and participation in the resource-based economy.

#### **Recommended Action #14:**

**That** the Government of Canada, in collaboration with Aboriginal organizations, take measures to develop institutional arrangements to support Aboriginal economic development, including an institution for excellence and capacity building.

Part V of the report includes some very forceful statements like, “Properly functioning and stable institutions provide the key elements that economic development and individual businesses require: predictability, regular practices, ethical norms of behaviour, intellectual and financial resources and above all, trust.”<sup>11</sup> Declarations like this address essential elements of economic development.

NTI supports Recommendations 12 to 14 in the Report. The recommendations to shore up Aboriginal capital corporations, establish a natural resources strategy, and set up a centre for excellence and capacity building are all important but still go only part-way towards meeting the practical needs of many Aboriginal people. As stated by the Auditor General, “federal support for institutional development was not yet sufficient to help First Nations overcome the barriers and take control of their economic development.”<sup>12</sup>

The obligation to run an Aboriginal government and develop a thriving local economy for 30,000 people or 5,000 people or 300 people can be very daunting. Many Aboriginal entities do not yet have the business management capacity or suitable business governance structures to succeed in the local, regional or national marketplace. NTI would welcome any efforts of the federal government to work with us to design appropriate support structures to improve institutional performance.

Around the globe the types of institutions needed for a functioning economy include reliable and accessible financial institutions, good schools, an effective civil service and an impartial legal system. As Canadians we are proud of the tremendous strength of these traditions in our country. But we are also aware that many Aboriginal communities lack some of these basic institutions, like banks or bookkeeping services, and often can do little to bring about change in some of such areas. In Nunavut, for example, there are at present bank branches in only three of our twenty-six communities.

The Inuit experience since the ratification of the NLCA has been to take as much as possible of our economic development institutional and governance development into our own hands. As mentioned above, Inuit have developed a cohesive group of CEDOs,

<sup>11</sup> *A Hand Up, Not A Handout*, P. 47

<sup>12</sup> *A Hand Up, Not A Handout*, P. 49

as well as successful development corporations in each of Nunavut's three regions. From land claims funds Nunavut Inuit have also capitalized Atuqtuarvik Corporation, an Inuit capital corporation at \$50,000,000. The only contribution from the federal government to doing this was by funding for a business plan. The Inuit boards of all of these organizations have participated in extensive governance training, and over the past fifteen years senior management has put in place all the required mechanisms regarding management, fiduciary responsibility and conflicts of interest.

Although Atuqtuarvik Corporation is functioning effectively, NTI agrees in principle with Recommendation 12, that is to improve operating subsidies to Aboriginal capital corporations. We also are of the view that the federal government could do more to improve Aboriginal access to the financial mainstream.<sup>13</sup>

NTI agrees with the essence of Recommendations 13 and 14, but we think these initiatives would be best led by Aboriginal organizations rather than the federal government.

## PART VI: TRAINING AND EDUCATION

### Recommendation 15: To increase recruitment for, and strengthen, apprenticeship, literacy and numeracy programs

#### Recommended Action #15:

That the Government of Canada take immediate steps to increase recruitment for, and strengthen, apprenticeship, literacy and numeracy programs targeted to Aboriginal learners, and provide fiscal incentives to companies that develop or offer Aboriginal apprenticeship programs, including workplace literacy and numeracy programs.

Agreed. In Nunavut, Adult Basic Education is currently funded by the Government of Nunavut and delivered by Nunavut Arctic College. The program delivery has been inconsistent and has not met the needs of communities. In a territory with only 25% high school completion rate this is a serious shortcoming. The Government of Nunavut is developing a Mature High School Graduation Program to address the issue, but the federal government also needs to address this situation.

In 2005 former BC Justice Thomas Berger was asked, under an agreement between the federal government, NTI and the Government of Nunavut, to act as Conciliator between the parties. His mandate was to recommend new approaches to the implementation of the NLCA,

with a view to renewing the 1993 *Contract Relating to the Implementation of the Nunavut Final Agreement*.<sup>14</sup> One of the primary recommendations in Justice Berger's 2006 Conciliator's Report was the need to overhaul the education system in order to be able to meet the objectives of Article 23 of the NLCA (representative Inuit participation in government employment). The changes to the education system in Nunavut that he recommends would also go a long way towards preparing the groundwork for a cohesive network of Inuit businesses.

<sup>13</sup> On March 9, 2007, *Nunatsiaq News* reported that Atuqtuarvik Corporation had reached an agreement with the First Nations Bank of Canada, under which Atuqtuarvik Corporation will become a major shareholder in the bank. This arrangement will expand the financial services available in Nunavut communities.

<sup>14</sup> Thomas R. Berger, *Nunavut Land Claims Agreement Implementation Contract Negotiations for the Second Planning Period 2003-2013: Conciliator's Interim Report*, Aug. 31, 2005; and *Conciliator's Final Report: "The Nunavut Project"*, March 1, 2006.

We also wish to draw your attention to the Aboriginal Workforce Placement (AWPI) Initiative at DIAND, not mentioned in the Report. AWPI holds special promise for a renewed relationship between Aboriginal groups and business, with the basic message from Aboriginal people being, “if you prepare the workplace we will prepare the workers.”

An important area not dealt with in the Report, that NTI would like to stress, is the need for long-range development towards management positions, using combinations of mentoring, training, and access to varied experience. The Report sees training and skills development as necessary elements of capacity building, but there is also a need to develop a cadre of professionals and managers to enable Inuit to run our own affairs. Without this we will not truly become masters of our own house.

## PART VII: LOCATION, SIZE AND INFRASTRUCTURE

Most Nunavut communities are very small, all are remote from markets, and almost none has any significant industrial infrastructure. These characteristics have an adverse effect on the development of tourism, shipping, communications, fishing, mineral

### Recommended Action #16:

That the Government of Canada, in collaboration with provincial, territorial and Aboriginal organizations, launch an adequately funded First Nations and Inuit infrastructure program which will:

- Bridge the current infrastructure gap among First Nations and Inuit communities within ten years;
- Include infrastructure funding for commercial and industrial development.

exploration and mining, the retail industry, and most types of manufacturing other than Inuit art.

Part VII emphasizes the possibility of smaller communities or Aboriginal groups banding together to take advantage of regional opportunities. Nunavut's regional Inuit development corporations and the Baffin Fisheries Coalition have all achieved this goal by focusing on large-scale business opportunities that smaller communities could not contemplate. They are now all strong and profitable entities. An ongoing challenge is to ensure opportunities and employment are created at the community level.

### **Recommendation 16: Bridge the infrastructure gap within ten years; additional infrastructure funding**

Discussions of infrastructure in Nunavut require cooperation between the Nunavut government, with overall responsibility for the territory, and the federal government, which has obligations to Inuit directly as one of Canada's Aboriginal peoples. For example, in 2006 the Government of Canada allocated \$200,000,000 for the construction of public housing in Nunavut, through the Government of Nunavut. The Government of Nunavut's plans provide for the construction of 725 units using this money through to 2009-10. This is an important step, but Nunavut's housing needs have been assessed as at least 250 new units a year, simply to avoid further crowding and the doubling up of households in existing units.<sup>15</sup>

Furthermore, Nunavut has no port facilities, and many community airstrips need to be upgraded. There is almost no physical infrastructure for the tourism business. Even areas of success, like the new broadband communications network, need more infrastructure (in this case bandwidth), which is expensive. NTI firmly supports the recommendation to close the infrastructure gap, but even a short list of infrastructure needs for Nunavut will come in at over \$1 billion. Action is needed to "close the gap," but this is a relative matter. A ten-year period may best be kept in mind as a timeframe for planning purposes.

Recognizing this, there must nevertheless be a commitment to meet the needs of Inuit communities, and to that end we recommend that NTI should be a full participant in infrastructure discussions between Nunavut and Ottawa.

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<sup>15</sup> *Nunavut Housing Requirements, Needs and Demand to 2016: Background Report for a Ten-Year Nunavut Housing Strategy*, The Bayswater Consulting Group Inc. for the Government of Nunavut and NTI, 2004, P. ii.

## **PART VIII: PARTNERSHIPS WITH INDUSTRY**

### **Recommendation 17: Government of Canada To Take A Lead Role In Facilitating Partnerships**

**Recommended  
Action #17:**

**That** the Government of Canada take a lead role in facilitating partnerships between Aboriginal people and industry, including the implementation of tax incentives to encourage such partnerships.

NTI welcomes initiatives for Aboriginal firms to partner with established, successful businesses. But we are concerned that references to “industry” throughout this chapter might assume that “industry” means mainstream non-Aboriginal business. “Industry” can be Aboriginal. Inuit are owners of airlines, construction companies, cargo ships, retail operations and real estate, all of which are “industry” in the broad sense, and joint ventures can be between Aboriginal parties. Nunavut Inuit have also participated in a number of effective joint ventures with Inuit firms from other regions like the Inuvialuit Settlement Region and Nunavik, as well as with First Nations and non-Inuit firms.

In this context, NTI strongly recommends that any initiative to “facilitate partnerships between Aboriginal people and industry” include the input of successful, established Aboriginal businesses, of which there are now many in Canada.

The core of any effective joint venture is mutual assistance. Generally speaking the local Aboriginal group or business brings, to the partnership, access to the market, labour, and knowledge of local conditions, while the joint venture partner brings financing and experience in a given sector, although Inuit have also provided the financing in some joint ventures. Through this type of partnership the Aboriginal group can take advantage of a generation of capacity-building within the other company. This process pushes the inexperienced company’s capacity building forward markedly, along with chances of success. From the point of view of self-determination it is therefore extremely important that:

- a) the joint venture is genuine, and not a “shell”, and
- b) the Aboriginal firm also includes a management training stream within the joint venture agreement, to enable First nations or Inuit managers the opportunity to run the enterprise in another five, ten, or more years.

Finally, as mentioned elsewhere, the federal government already sponsors at least two programs to connect Aboriginal groups with the non-Aboriginal business community: the AWPI at DIAND and the AHRD Council of Canada through HRSDC. While both of these agencies are HR-based rather than oriented to business development, each has a lot to teach any team within the federal government about Aboriginal communities and best practices for preparing Aboriginals for the workplace while preparing non-Aboriginal workplaces for Aboriginal employees. AWPI lessons learned about overcoming prejudice and mutual cultural barriers could easily be extrapolated to preparing Aboriginal and non-Aboriginal business partners to work with each other.

## **PART IX: THE ECONOMIC VALUE OF TRADITIONAL ECONOMIES**

## **PART X: CLOSING THE ECONOMIC GAP**

NTI believes that Part IX and Part X of the Report are closely related. As the Report states:

“Based on what we heard, the fundamental issue to Aboriginal leaders, communities and individuals, rather, is being able to have a say on how development takes place on their land, to meaningfully participate in the benefits of that development and to manage development in such a way as to mitigate the impact on traditional activities. According to Matthew Coon-Come the real challenge is to be able to work with industry to ensure that development is sustainable.”<sup>16</sup>

In some ways the idea of operating a business may conflict with traditional Inuit values of sharing and cooperation. But Inuit recognize that accommodation to the cash economy is required. The challenge then becomes how to be successful in the global business environment, without sacrificing Inuit values in the process. Aboriginal people in Canada are not the only ones facing this challenge. The Report rightly has no recommendations to make regarding this issue, as it is primarily up to Inuit to work through this complex matter.

### **4.0 NTI ADDITIONAL COMMENT – FEDERAL ECONOMIC DEVELOPMENT PROGRAMS AND THE NLCA**

Nunavut Inuit are proud of the new Nunavut territory, and of the fact that its creation was a consequence of the NLCA, signed in 1993. The main economic component of the NLCA is Article 24 (“Government Contracts”). Inuit have been trying since 1993 to reach an agreement with the Government of Canada on the specifics of federal contracting with respect to Article 24, so far without success.<sup>17</sup>

In 1998 Public Works and Government Services Canada unilaterally established a method for allocating points for evaluating tenders and proposals, based on PWGSC officials’ assessment of Article 24 requirements. NTI vigorously opposed this decision.

Part of the difficulty in getting an agreement on Article 24 has been that three lead departments, PWGSC, DIAND and Treasury Board, all have different views about how this article of the NLCA should be interpreted. With no umbrella agreement in place, each federal department has been left to interpret Article 24 as it sees fit. Despite this overall failure there have been some significant successes. The agreements between NTI and the Department of National Defence (DND) for the DEW Line clean-ups are notably successful. Contracts let in accordance with these agreements have provided site specific Inuit employment levels generally over 70% and Inuit contracting content levels also generally over 70%.<sup>18</sup> More frequently there has been disagreement. For

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<sup>16</sup> *A Hand Up, Not A Handout*, P. 77

<sup>17</sup> Implementation of Article 24 of the NLCA is reviewed in PriceWaterhouseCoopers, *Second Independent Review of Implementation of the Nunavut Land Claims Agreement: Final Report*, May 11, 2006, 139-159.

<sup>18</sup> NTI Discussion Paper, *Contaminated Sites in Nunavut: Remediation of Abandoned Military and Other Contaminated Sites*, presented to Paul Mayer, Ministerial Representative, Department of Indian Affairs & Northern Development, March 17, 2007.



example, to date DIAND has been unwilling to negotiate an agreement for its own DEW Line and abandoned military sites, comparable the DND-NTI agreements. As well, Treasury Board officials have contended that the PSAB is not mandatory in Nunavut and in any case is superseded by Article 24.

It is now in 2007, fourteen years after the signing of the NLCA and thirteen years after the Government of Canada was obliged under the NLCA to reach an agreement with Inuit on government contracting. Inuit today are no closer to a satisfactory accord than in 1993.

NTI and the federal government must negotiate a mutually satisfactory agreement with respect to Article 24 of the NLCA. The federal government must also come to a fair decision about how PSAB is applied in CLCA areas.

## 5.0 CONCLUSION AND RECOMMENDATIONS

The Report states that

Many witnesses argued that the Department of Indian Affairs and Northern Development is not an acceptable delivery model for Aboriginal economic development. Harold Calla of the Squamish First Nation told the Committee: I think the first thing we need to explore is whether or not...the Department of Indian and Northern Affairs will ever be capable of adequately responding to the challenges facing First Nations in developing economic and business opportunities. The timeline for risk/benefit analysis and decision making in today's global economy is not compatible with the timeline of the federal system of decision making."<sup>19</sup>

And

Other witnesses strongly criticized the implementation of existing land claims by the Department of Indian Affairs and Northern Development. In 2003, the Auditor General's report on *Transferring Federal Responsibilities to the North* similarly concluded that the Department of Indian Affairs and Northern Development "seems focused on fulfilling the letter of the land claims' implementation plans but not the spirit" and that while "officials may believe that they have met their obligations" they have in fact "not worked to support the full intent of the land claims agreements".<sup>20</sup>

And

In November 2003, Aboriginal leaders, organizations and governments that had achieved land claim settlements met in Ottawa to urge the government to develop a new land claims implementation policy. Several witnesses appearing before the Committee suggested that the Government of Canada act to implement the key elements of a new policy, including:

- Recognition that the Crown in right of Canada, and not the Department of Indian Affairs

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<sup>19</sup> *A Hand Up, Not A Handout*, P. 22

<sup>20</sup> *A Hand Up, Not A Handout*, P. 42

- and Northern Development, be party to the land and self government agreements;
- A federal commitment to achieve the broad objectives of land claim agreements, as opposed to mere technical compliance with narrowly defined obligations;
- Implementation be handled by appropriate senior level federal officials representing the entire Canadian government;
- An independent implementation audit and review body, separate from DIAND, be established.<sup>21</sup>

The problems outlined above are not just DIAND problems, but government-wide, exacerbated by

- High turnover in lead departments leading to bureaucratic memory loss;
- Poor communication between departments;
- Departmental rivalries;
- Tendencies of individual civil servants to make individual interpretations of significant sections of the NLCA without consultation, and then apply those interpretations;
- Lack of inter-cultural awareness in lead departments;
- Misunderstanding of the nature of the land claims process by senior federal officials;
- The culture of “accountability” and fear of being put in the spotlight by the Auditor General’s office, both of which lead to administrative paralysis;
- Certain officials viewing disbursement of funds as a favour, and land claims settlements as a gift, from the Government of Canada.

NTI wishes to thank the Committee for its clear and forthright Report. When this Report is placed alongside the Committee’s recent report on the federal specific claims process<sup>22</sup>, we have two important proposals which will help mark the way forward for Aboriginal peoples within Canada.

NTI therefore endorses the Report’s recommendations, and would be pleased to work with the Committee and others to advance them in any way possible. NTI is also prepared to make a further presentations to explain in greater detail some of the ideas presented in our original submission to the Committee and in this response.

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<sup>21</sup> *A Hand Up, Not A Handout*, P. 42. The Land Claims Agreements Coalition elaborates these four points and provides a further ten "fundamental principles" in the *Four-Ten Declaration of Dedication and Commitment* of Dec. 6, 2006.

<sup>22</sup> *Negotiation or Confrontation: It's Canada's Choice - Final Report of the Standing Senate Committee on Aboriginal Peoples Special Study on the Federal Specific Claims Process*, Dec. 2006.



## **NTI recommendations**

- The federal government must establish Aboriginal economic development as one of its main priorities.
- The federal government must make a deep and considered shift in its administrative structures, and in its approach to meeting the objectives and obligations of land claims agreements, if it is to effectively advance Aboriginal economic development.
- NTI supports the idea of a partnership with the federal government to design appropriate support structures to improve Inuit institutional performance.
- Funding and adequate programs for Adult Basic Education are required. The federal and Nunavut governments must both address this situation.
- NTI should be a full participant in infrastructure discussions between Nunavut and Ottawa.
- Any initiative to “facilitate partnerships between Aboriginal people and industry” must include the input of successful, established Aboriginal businesses.
- NTI and the federal government must develop and implement suitable procurement policies in accordance with Article 24 of the NLCA.
- The federal government must come to a fair and reasonable determination as to how the PSAB is to be applied in land claims settlement areas.