

# First Nations

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## Background

While economic crisis and austerity measures have become the focus of Canadian politics over the last few years, First Nations have experienced a prolonged state of crisis since the colonization of Turtle Island. As a result of dispossession and marginalization, First Nation citizens fare worse than Canadians on virtually every indicator of well-being — in high rates of poverty, lack of adequate housing, lack of clean drinking water, barriers to economic and educational opportunities, and high rates of violence experienced by Indigenous women and girls.

This crisis poses complex challenges that require a holistic and principled approach founded in the original nation-to-nation relationship between First Nations and the Crown. It requires an approach that must further the implementation of Treaties and recognize and support the restoration of First Nation nationhood, jurisdiction, and prosperity.

It is time for the federal government to make economically prudent decisions, fulfill its legal and fiduciary obligations, and abandon its paternalism so that First Nations can implement change. The following areas are highlighted as requiring a marked departure from current federal spending patterns and priorities:

- Transforming the fiscal relationship
- Investing in First Nations education
- Supporting safe and healthy communities

- Strengthening First Nations economies

## Transforming the Fiscal Relationship

First Nation governments seek fair and transparent fiscal transfers, reflective of the original nation-to-nation relationship. Establishing adequate, stable, and predictable federal transfers constitutes a prudent and effective policy and is the most fiscally responsible course of action.

Funding provided to First Nation governments is too low to meet the growing needs of their citizens. In 2010, First Nations received less than half of the per capita amount spent in local programs and services on Canadian citizens (\$8,750 compared to \$18,724). Current financial transfers are also not flexible enough to provide decision-making power for First Nation governments. Furthermore, funding is treated as “discretionary” without legal protections, resulting in unpredictable funding, instability, and the inability to engage in long-term planning. In addition, the true service population for many First Nation governments includes all citizens of the First Nation, not just status Indians living on-reserve, and in some cases the current approach excludes 50% or more of the actual membership.

A new funding relationship is required. It must reflect the spirit and intent of Treaties and inherent jurisdiction, be a mechanism to ensure parity with provincial funding rates, and reflect the real costs of delivering services.

## Investing in First Nations Education

A considerable gap between educational achievement and inputs exists with respect to First Nations education. A discriminatory double standard in the provision of comparable inputs has been allowed to exist despite: i) numerous pledges by the federal government to address the education attainment gap; ii) the fact that the First Nations population is growing at twice the rate of the Canadian population; and iii) that by 2020 over 50% of the First Nations population will be under the age of 25.

Significant long-term economic returns for the Government of Canada can be derived from improved educational outcomes for First Nation citizens. The ongoing cost of the status quo in lost productivity and increased support for First Nations may now be over \$12 billion per annum.

The federal government estimates that over 600,000 Indigenous youth will enter the labour market between 2001 and 2026. This presents a unique opportunity at a moment when the Canadian economy faces a huge wave of retirements and the problems associated with an aging population. Accordingly, access to professions and trades must ensure First Nation citizens can participate more fully in the job market as well as in creating jobs. This entails investing in all levels of First Nation education, training and skills development.

First Nations must have jurisdictional space to pursue their own initiatives related to productivity and economic growth. The priority must be on education and investments to create First Nation education systems that serve the needs and goals of First Nations, as well as benefiting the Canadian economy.

## Supporting Safe and Healthy Communities

Health outcomes are directly tied to a number of social determinants, including education, employment, gender, environmental health, cultural connectedness, housing, and degree of individual and collective self-determination. Improving First Nations health outcomes therefore requires significant investment in First Nations infrastructure, especially water, housing, education, health, and emergency services.

First Nations water quality continues to be a national concern. The National Engineering Assessment released by the federal government on July 14, 2011 concluded that 73% of First Nation water systems are at high or medium risk, which is particularly disconcerting given that the 2003 National Engineering Assessment identified 29% of First Nations systems to be at high risk. In any given month of 2012, approximately 120 First Nations communities were under a boil water advisory.

The housing crisis in Attawapiskat — the focus of media attention last winter — is not an isolated event but indicative of the urgent and massive housing needs in First Nation communities. A February 2011 evaluation of on-reserve housing concluded: “despite ongoing construction of new housing on-reserve, the shortfall still exists and appears to be growing rather than diminishing.”<sup>1</sup> Overcrowding and the prevalence of mould in many First Nation homes has heightened the urgency for funding to protect the health of occupants. Substandard housing has been exacerbated by environmental challenges, such as floods and forest fires. More than 18 months after the 2011 floods in Manitoba, almost 2,000 First Nation citizens remain

away from their homes, which are no longer habitable.

It is estimated that to fill the gap for First Nations education facilities, 40 new schools are needed at an average cost of \$12.5 million each. This figure does not include operations and maintenance (O&M) funding or needed renovations to existing schools. According to a 2009 report prepared by the Office of the Parliamentary Budget Officer, Aboriginal Affairs and Northern Development Canada's planned capital expenditures over the next three years are insufficient by \$169 million to \$189 million annually, while O&M expenditures will be underfunded by \$11 million annually.<sup>2</sup>

Another emerging consideration is the impact of climate change, especially on northern and remote communities. Forest fires, flooding, and the early closing of winter roads all have profound impacts on the health and safety of communities, and highlight the critical need for inter-governmental protocols and robust emergency services. The need for all-weather roads is becoming more evident, linking not only remote communities, but also providing access to resource development in conjunction with First Nation interests and economic development. For instance, linking Ontario's remote communities may require a \$3-billion investment.

Improving the health and wellness of First Nations will improve their economic prospects. Canada has a fiduciary responsibility to uphold the health of First Nations people, regardless of where they reside. Solutions to jurisdictional gaps and inequities abound – for example, by engaging federal, provincial and First Nations governments in a collaborative First Nations-controlled health care system, as exemplified by the British Columbia pro-

cess; and by ensuring that the Government of Canada respects its obligations to First Nations by undertaking negotiations on a 2014 Health Accord and including a parallel commitment for a First Nations Health Transfer.

First Nation leaders and communities have urged a coordinated and comprehensive approach to mental health and addictions programming. In addition, the federal government needs to provide continued support for culturally safe mental health services, such as those through the Cultural Support Providers, which are supported by the Indian Residential School Resolution Health Support Program and community-based healing programs by the Aboriginal Healing Foundation.

## **Strengthening First Nations Economies**

Maximizing economic opportunity for First Nations in the resource and energy sectors is a clear priority. Specific steps required include:

- Advancing and equipping First Nations with enhanced technical capacity to support engagement and development of First Nation proposals on resource revenue sharing and reinvestment funds.
- Establishing frameworks and principles for dialogue between jurisdictions to appropriately define Crown resource revenues and approaches to engagement with First Nations on resource revenues, re-investment and/or partnership, as well as affirming ongoing co-governance with an interest to ensuring environmental sustainability.
- Supporting First Nation governance and institutional capacity to ensure fairness,

equity and sustainability of resource revenues for the economic and social benefit of all members through transparent structures and processes accountable to the members.

As Treaty rights and title holders, First Nations seek willing partners to create economic opportunities. However, due to the unique relationship between First Nations and the lands we occupy, careful and thorough consideration must be given to major projects that may result in adverse environmental and cultural impacts. This requires adequate time and capacity, both of which have been reduced by federal program cuts and changes to legislation under Bill C-38. Since free, prior, and informed consent is the foundation for successful economic partnerships, and since strong relationships require accountability and transparency, the direction of Canada's fiscal policy and legislative agenda significantly impedes First Nations' ability to enter into mutually beneficial partnerships in the resource sector.

Furthermore, First Nations traditional economies are a rich source of economic, social, cultural and health benefits that need to be considered as part of larger socio-economic planning, particularly in the context of increased focus on resource development and energy generation. As such, First Nation economic pursuits (hunting, fishing, and other forms of harvesting like trapping, medicine gathering, etc.) should be supported through fully collaborative environmental regimes that respect First Nations as full partners.

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## AFB Actions

The social and economic costs of the status quo are too high. The proposed structural changes and investments outlined below will have a significant positive impact on First Nations and our future generations.

### Transforming the Fiscal Relationship

A new funding relationship is required. It must reflect the spirit and intent of Treaties and First Nations' inherent jurisdiction, respond to the real costs of delivering services, and provide incentive for leveraging additional resources and maximizing performance standards.

- The AFB will implement stable, equitable, and long-term funding transfer mechanisms for First Nation programs and services.

### Investing in First Nations Education

According to First Nation studies, the total shortfall in the area of First Nations education is an estimated \$3 billion. For instance, to equitably fund First Nations post-secondary education, a 149% (or \$481 million) increase in federal support is required. Also, \$126 million is needed for First Nations language instruction in schools in order to be comparable with provincial funding.

- The AFB will invest \$800 million a year in First Nations education systems. This will slowly bridge the \$3-billion gap built up since 1996.

### Supporting Safe and Healthy Communities

The National Engineering Assessment released by the federal government on July 14,

2011 identifies needs of \$4.7 billion in the area of water treatment.

- The AFB will address this need by spending \$470 million a year on water treatment facilities over 10 years.

In addition, there is currently a demand of an estimated 85,000 new housing units to alleviate overcrowding and backlogs; approximately 44% of the existing housing stock needs major repair and another 15% requires outright replacement. Coupled with this is the requirement to provide lot servicing for every new housing unit. A conservative estimate to build a house is around \$150,000 and about \$25,000 per service connection.

- The AFB will spend \$1 billion a year to alleviate the housing need.

There is also an urgent need for new investments for the Non-Insured Health Benefits (NIHB) Program. The absence of these investments will mean a shortfall of approximately \$470 million next year, nearly \$573 million in 2013–14 and \$805 million overall by 2015–16. In 2010–11, NIHB program expenditures increased by 3.9% over 2009–10 levels. However, the Assembly of First Nations has estimated that increases of 6.3% to 9.3% are required in various benefit areas to properly account for growth of the existing client population, new clients generated from Bill C-3, inflation, changes in health service utilization and health status, and effects of technological change. Without a resolution to this funding crisis, First Nation children, adults, and

elders will face an uphill battle in addressing basic health care needs.

- The AFB will invest \$4.7 billion over ten years in First Nations water treatment systems, \$1 billion annually to address the housing crisis, as well as \$470 million in the NIHB Program in 2013–14 and \$805 million overall by 2015–16.

## Strengthening First Nations Economies

Maximizing economic opportunities for First Nations is a clear economic interest for all of Canada. As title and rights holders and Treaty signatories, First Nations must be full partners in decision-making on any development in their territories, based on the principle of free, prior, and informed consent, and must receive a fair share of the wealth generated from First Nation lands and resources.

- The AFB will support First Nations capacity-building in the area of resource revenue sharing and enhanced mechanisms to ensure free, prior and informed consent, as per the United Nations Declaration on the Rights of Indigenous Peoples. This entails investments as well as legislative and policy changes.

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## Notes

**1** Aboriginal Affairs and Northern Development Canada. (2011). Evaluation of INAC's On-Reserve Housing Support (Project Number: 1570-7/07068). Ottawa: Evaluation Performance Measurement and Review Branch Audit and Evaluation Sector. <http://www.aadnc-aandc.gc.ca/eng/1325099369714/1325099426465#chp4>.

**2** Office of the Parliamentary Budget Officer. (2009). The Funding Requirement for First Nations Schools in Canada. Ottawa: Office of the Parliamentary Budget Officer.