



Aboriginal Participation in Major Resources Development Project

Draft Summary Report
May 2012



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The Public Policy Forum is an independent, not-for-profit organization dedicated to improving the quality of government in Canada through enhanced dialogue among the public, private and voluntary sectors. The Forum's members, drawn from business, federal, provincial and territorial governments, the voluntary sector and organized labour, share a belief that an efficient and effective public service is important in ensuring Canada's competitiveness abroad and quality of life at home.

Established in 1987, the Forum has earned a reputation as a trusted, nonpartisan facilitator, capable of bringing together a wide range of stakeholders in productive dialogue. Its research program provides a neutral base to inform collective decision making. By promoting information sharing and greater links between governments and other sectors, the Forum helps ensure public policy in our country is dynamic, coordinated and responsive to future challenges and opportunities.

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On May 22nd, Canada's Public Policy Forum convened a roundtable in partnership with Aboriginal Affairs and Northern Development Canada, in collaboration with Natural Resources Canada and Human Resources and Skills Development Canada, dedicated to exploring Aboriginal Participation in Major Resources Development Opportunities. The purpose of this meeting was to engage senior leaders across sectors in a focused discussion on opportunities and challenges

for effective engagement of Canada's Aboriginal population in the development and operation of major projects in Canada's extractive industries. The outcomes from this discussion will form the basis of a series of roundtables to be convened across Canada between June and September, 2012. Roundtables are planned as follows: Calgary (June 8th); Prince George (June 27th); Toronto (June); and in the North (date to be determined).



The Ottawa luncheon roundtable was hosted from 11:45 a.m. – 2:30 p.m. and was moderated by David Mitchell, President and CEO of the Public Policy Forum. Mohawk Elder Paul Skanks opened the session with a smudging ceremony and words of welcome.

Michael Wernick, Deputy Minister of Aboriginal Affairs and Northern Development Canada, offered observations on the opportunities for collaboration between Canada's resources sector and Aboriginal communities. A research paper prepared by the department, providing context for the discussion (copy attached), was shared in advance with participants.

Jacynthe Côté, Chief Executive of Rio Tinto Alcan, provided a private sector perspective on the need for sustainable relationships among the resources sector, Aboriginal communities, and governments.

Pita Aatami, former President of Makivik Corporation spoke about the opportunities and need to build local capacity on reserves and amongst Aboriginal populations.

Stephen Lucas, Assistant Deputy Minister, Science Policy and Integration, Natural Resources Canada, provided a brief summary of the roundtable dialogue and themes discussed.

A complete list of roundtable participants and the meeting agenda is included as an appendix to this report. This meeting was convened under the *Public Policy Forum Rule*, whereby all comments are made on a not-for-attribution basis.

Overview of Themes

The purpose of this meeting was to highlight the challenges and opportunities presented by current and expected growth in Canada's natural resources sector, as well as to uncover best practices and promising approaches in the area of Aboriginal engagement in these projects. A number of key themes were reflected in the dialogue, including:

1. Labour Market Development
2. Community Readiness
3. Financing and Financial Literacy
4. Partnerships and Collaboration
5. Measurements of Success
6. Best Practices and Case Studies

In addition to these specific themes, broader issues surrounding governance arrangements and the role of the Crown, the private sector, and of Aboriginal communities in driving social and systemic change were touched upon as well. These themes as well as the broader questions will form the basis of discussions at future planned roundtables.

Labour Market Development

A central theme of the discussion concerned the need for better education and skills training opportunities among Aboriginal peoples, especially amongst youth. A clear and well-identified challenge facing the resources sector in the coming decade relates to the looming labour shortages, with estimates of the need to fill up to 400,000 new jobs over the next ten years. Over the same time period, approximately the same number (400,000) of Aboriginal Canadians are expected to be ready to enter the labour force. Considering that many of these jobs will be created "on the doorsteps" of Aboriginal communities, there is an opportunity on both sides for significant gains in the form of jobs for skilled workers.

To realize this potential, efforts to boost educational attainment amongst Aboriginal youth are required. Participants noted that a strategy that has shown promise in the United States is to increase educational opportunities on reserves. Similarly, successful collaborations between the private sector and Aboriginal communities in Canada have demonstrated the importance of offering on the job training and educational opportunities. Involving Aboriginal leaders and community elders is also a potentially useful way to motivate and mentor youth as they enter the labour force. Finally, participants stressed that a database of skills should be created in order to plan and match the needs of the sector with the talents of the communities and educational curricula.

Community Readiness

Participants identified the issues of community capacity and readiness as central to the question of how to improve the engagement of Aboriginal communities in major resource development opportunities. The question of whether the Aboriginal population, especially in small and/or remote communities, can engage meaningfully with private sector companies was highlighted, with specific reference to a number of challenges, including:

- Questions surrounding responsibility for community investment, and risk management;

- Inclusion in decision-making in resources sector projects from the outset;
- Historical relationships and a lack of trust among parties;
- The need for specific guidelines and procedures that apply to formal Crown consultations and obligations; and
- The high cost of living and extra costs of doing business in the North resulting from inadequate transportation networks.

Dealing with issues of community readiness and capacity building are central to the goal of improving engagement in resources sector opportunities. Many of the challenges and themes explored below stem from the need to build additional capacity within Aboriginal communities, in order to engage meaningfully in these projects.

Partnerships and Collaboration

It was suggested that the partnership acumen of Aboriginal communities needs to be developed and enhanced. Another theme repeatedly emphasized at the roundtable was the need for meaningful partnerships to be increasingly developed and nurtured. Participants agreed that this means reaching out early and reaching out often, so that when opportunities for partnerships arise, there is a solid foundation of trust to be built upon.

It was noted that the regulatory process often includes a duty to consult, which pre-supposes a relationship which may not exist, and is affected by provincial variations across the country. Some challenges in the areas of relationship building, partnerships, and collaboration, include maintaining a separation between such activities and formal consultation, and difficulties in maintaining relationships in the face of the ongoing, short-term Aboriginal electoral cycles.

From a policy perspective, it was also suggested that government-to-government relationships should be enhanced by including Aboriginal leadership in economic policy discussions in Canada. This includes inviting Aboriginal leaders to be involved in trade missions and delegations abroad to help promote the Canadian resources sector. For example, Aboriginal communities have been building links with companies in China for some time now and share a special cultural connection that could assist in strengthening opportunities for international trade. It was also suggested that First Nations, Inuit and Métis people could be helpful in adding value to policy discussions, such as the development of a Canadian energy strategy.

Financing and Financial Literacy

From a community perspective, building capacity for engaging in complex financial and business transactions or partnerships requires a high degree of financial literacy. Increasing financial literacy and wealth management skills among Aboriginal peoples, especially community leaders, was identified as a desirable objective. From an educational perspective, there is an opportunity to promote professional skills and financial management designations among Aboriginal youth.

Comprehensive Community Plans and other tools for managing wealth that would flow to communities as a result of participation must be developed. Beyond managing resource revenues, tools for business planning should also be made more readily available to Aboriginal communities.

In addition, it was suggested that tools of social finance, such as Social Impact Bonds, should be further

developed to help facilitate Aboriginal partnerships in resources development.

Measurements of Success

A final theme that was discussed was the need to identify measurements of success. Key human development indicators are and will remain important (e.g. healthy birth weight, educational attainment, labour market participation), but there are also fundamental questions about the measurements of social change that need to be addressed. Participants agreed that healthy and collaborative relationships, sustained over a long-term period, could serve as an indicator of success. There are also numerous economic and environmental measurements that could be considered to determine what constitutes success.

It was also emphasized that employment-related measurements should ultimately include objectives to achieve the same levels and standards for Aboriginal Canadians as for the country's non-Aboriginal population.

Best Practices and Case Studies

The research paper prepared by Aboriginal Affairs and Northern Development Canada identifies some important case studies serving as useful points of reference:

- **Victor Diamond Mine**
- **Trans Mountain Pipeline**
- **Diavik Diamond Mine**
- **Pic River First Nation**

In addition, roundtable participants suggested several best practices worthy for consideration:

- **Baffin Island Project:** Participation by the Inuit community was strong during the sampling stage project development of the Baffin Island iron ore project. On-the-job training opportunities were provided and community elders were engaged to provide leadership and mentorship to youth during training. An Impact Benefit Agreement is currently being negotiated for the project.
- **Business Ready Investment Development Gateway program:** Established by Westcap Management to build business capacity within First Nations and Métis communities across Saskatchewan toward the completion of major investment transactions.
 - **Pinehouse, Saskatchewan:** In the late 70's the Métis community of Pinehouse was labelled by the Fifth Estate the "drinking capital of Northern Saskatchewan". This brand sparked a drive among the leadership to create changes for the community and its future. Thirty years later, Pinehouse is thriving thanks to a community centered approach and has taken ownership and pride in their future growth. Pinehouse is dedicated to establish sound business practices to create long term sustainable employment ventures that will generate wealth within the community. They see the importance in development of board governance policies to ensure the separation of the business and political bodies. The representatives of Pinehouse hope to create a professional economic strategic plan that will continue to improve community

wellness.

- **Muskowekwan First Nation:** Muskowekwan is home to 625 band members, from a total membership of 1,570. The First Nation is in the process of incorporating Muskowekwan Ventures Corporation in order to identify opportunities generated by exploration, construction, and operation of potash mines for oil and gas wells, construction and operation of storage facilities, and operation grain and livestock industries, and formulate strategies and tactics for seizing these opportunities.
- **The Raglan Agreement:** In 1992, six years prior to production beginning at Raglan, Xstrata mine representatives met with members of the Makivik Corporation and agreed to initiate a formal consultation process. The Raglan Agreement was signed in 1995 between the Makivik Corporation, Raglan mine, Salluit and Kangiqsujuaq. The profit-sharing arrangement includes a commitment to provide 4.5% of operating profit to the community partners in the agreement once the mine has recouped its initial capital investment. In 2006 a payment of C\$9.3 million was made, and is the second and by far the largest payment to date, following a payment of C\$300,000 to the partners in 2005. The money is placed in a trust, which in turn distributes 25% of the money to the Makivik Corporation, 30% to Kangiqsujuaq, and 45% to Salluit. The Makivik Corporation and local communities distribute the funds among the 14 communities in the Nunavik region, based on an evaluation of needs. Targets for Inuit employment and procurement from Inuit businesses are continuously being worked towards, and on-the-job training and education opportunities have been developed by the mine, Inuit communities, and government bodies.

Moving Forward

This first roundtable allowed us to explore some of the main themes related to Aboriginal participation in major resources development opportunities and helped establish a constructive approach that will be followed in future roundtables for this project.

To explore the themes that emerged during this meeting, targeted discussions will be convened across Canada. Measurements of success, case studies, and best practices will be included in all discussions, while specific themes will be discussed at the following roundtables:

June 8, 2012	Calgary, AB Theme: Labour Market Development Host: Shell Canada
June 27, 2012	Prince George, BC Theme: Community Readiness Host: University of Northern British Columbia
June, 2012	Toronto, ON Theme: Financing and Financial Literacy Host: RBC
Date TBD	The North (Yellowknife/Kuuujuaq) Theme: Partnerships and Collaboration



Appendix A: Agenda

Aboriginal Participation in Major Resource Development Opportunities

May 22, 2012

Sheraton Hotel

O'Connor Room, 150 Albert Street
Ottawa, ON

Agenda

11:45 a.m.	Opening Prayer <i>Mohawk Elder Paul Skanks, Kahnawake, QC</i>
12:00 p.m.	Welcome and Tour de Table <i>David Mitchell, President and CEO, Public Policy Forum</i>
12:25 p.m.	Opening Remarks <i>Michael Wernick, Deputy Minister, Aboriginal Affairs and Northern Development Canada</i>
12:35 p.m.	Remarks <i>Jacynthe Côté, President and CEO, Rio Tinto Alcan</i>
12:45 p.m.	Remarks <i>Pita Aatami, Former President, Makivik Corporation</i>
12:55 p.m.	Roundtable discussion
2:20 p.m.	Summary remarks <i>Dr. Stephen Lucas, Assistant Deputy Minister, Natural Resources Canada</i>
2:30 p.m.	Adjourn



Aboriginal Affairs and
Northern Development Canada

Affaires autochtones et
Développement du Nord Canada



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