



ABORIGINAL ECONOMIC DEVELOPMENT CORPORATION CAPACITY

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Max Skudra

Max has significant experience conducting research on the Aboriginal economy with a focus on policy impact. His work at CCAB has informed the Government of Ontario's \$95M Indigenous Economic Development Fund (IEDF), played a key role in securing the Federal Government's commitment to increase Indigenous participation in its supply chain to 5 percent, and helped shape the Tri-Council of federal research funding agencies' "Setting New Directions" initiative to support inclusive and respectful Indigenous research in Canada.

Max currently serves on the Working Committee developing the Indigenous chapter for the United States-Mexico-Canada Agreement (USMCA) alongside Global Affairs Canada and a small team of key stakeholders, including the Assembly of First Nations, Inuit Tapiriit Kanatami, and the Métis National Council. He is also a member of the Canadian Project Consultative Committee for the Organisation for Economic Co-operation and Development (OECD), an international initiative for Indigenous economic development. With his professional experience and aptitude, Max Skudra is well qualified to successfully plan, conduct and present practical knowledge and research for the proposed project.



Brittney Sault

Brittney has experience and a deep personal commitment to working with and for Indigenous communities. She has a Bachelor of Arts from Western University and worked for both the Oneida Nation and the Missisaugas of the Credit First Nation before joining CCAB. She has also supported the communications work of both the Pan Am and North American Indigenous Games (NAIG). Since joining the team at CCAB, she has held progressively more senior roles within the research department. Brittney was a key leader in the NPIP work, directly engaging with over 100 First Nations, Inuit and Métis communities from coast to coast to coast. In 2019, she was a joint contributor to a publication with the Office of the Chief Economist at Global Affairs Canada that will set a new roadmap for government policy and international business promotion program development. She leads CCAB's strategy on Indigenous trade and export research.



Samantha Morton

Samantha has a Bachelor of Arts (Honours) Degree in Global Development Studies from Queen's University. She has a strong background in diversity and inclusion – having held the position of Manager, Member and Client Relations for the Women's Executive Network (WXN) and the Canadian Board Diversity Council (CBDC). As Project Manager for the CCAB research department, Samantha has considerable experience leading small and large-scale research projects from start to finish, including workplan organization, questionnaire design, in-depth interviews, and focus group execution; data organization and analysis; and report writing. In addition to her research responsibilities, Samantha provides crucial support for CCAB's ongoing government relations strategy—particularly in the area of Indigenous procurement. Samantha led the research that justified the Federal Government's commitment to ensure Indigenous businesses make up 5 percent of the federal supply chain.



Katarina Savic

Katarina has been working at CCAB for three years, leading and supporting various research projects. She is currently completing her Master of Environmental Studies at York University, specializing in Indigenous renewable energy planning. She has led CCAB's work on agriculture and youth training, and played a key role in the NPIP project, coordinating and conducting in-person interviews with over 100 First Nations, Inuit and Métis communities across Canada. Katarina has presented this important work to senior government officials.



Andy Avgerinos

Andy has a background in the diverse field of Cognitive Science, which seeks to define and explain mental processes, driving him to look deeper into the knowledge, opinions, and past behaviour of target groups. Andy is committed to doing his part to support reconciliation and always looking for new ways to give back to the Indigenous community. He is a key leader in CCAB's data management and analysis efforts, generating insights from both qualitative and quantitative datasets. Andy also leads CCAB's research on innovation and disruption, helping to ensure that Indigenous Peoples are not left out of the discussions shaping our economy.

EXECUTIVE SUMMARY



In 2018, the Canadian Council for Aboriginal Business (CCAB) conducted in-person interviews with senior executives of Aboriginal Economic Development Corporations (AEDCs) and community leaders (Chief and Council, Economic Development Officers and community administrators) in over 100 Indigenous communities across Canada.

OBJECTIVES

In 2018, the Canadian Council for Aboriginal Business (CCAB) conducted in-person interviews with senior executives of Aboriginal Economic Development Corporations (AEDCs) and community leaders (Chief and Council, Economic Development Officers and community administrators) in over 100 Indigenous communities across Canada. This is the most comprehensive national research completed to date on reserve and with urban Indigenous economies.

The purpose of this study is to gain a clearer picture of Indigenous economies across Canada, and more specifically, to determine the social and economic impact of AEDCs on community prosperity.

With this relevant and timely research, the CCAB also hoped to address the following secondary questions:

- What impact does each economic institution have on each other and how do they contribute to the Indigenous economy? Specifically, what is the relationship between governance structures and the economic arm of the community?
- How does each research grouping (Community-owned businesses, development corporations, etc.) contribute to the economy and collaborate/connect with one another?
- What are the barriers to broader economic participation for AEDCs?
- What are the areas of growth and opportunity?
- What are the different perspectives on economic development and definitions of success? (What does success look like to you? What are your goals for economic development?)
- How do AEDCs impact socioeconomic indicators in communities?
- What is the capacity of AEDCs and subsidiary businesses?
- What are the trade and export capabilities, client base and financing needs of AEDCs?

ABOUT THIS REPORT

This report presents the results of the AEDC questionnaire. This questionnaire was directed to AEDC leadership and a total of 49 interviews were completed. Questions about the AEDC are based on the total sample asked. However, sections of the questionnaire were about the businesses

owned and operated by the AEDC, the AEDC's partnerships and its local development projects. In each of these cases, each AEDC could have multiple businesses, partnerships or projects; thus, the questions in those sections are based on the total businesses, partnerships or projects identified.

KEY FINDINGS

AEDCs are community-based organizations that provide unique revenue streams and stimulate local and regional economies, helping Indigenous communities to flourish. They are larger than generally assumed; have enough capacity to take on large-scale projects; are active in regional supply chains; and are moving along a growth trajectory. Key findings from the AEDC questionnaire include the following:

- Respondents report the growing success of AEDCs. A large majority of AEDCs (79%) are established,
- incorporated (84%) and owned by a single community (76%). Most (79%) saw a net profit in the past fiscal year and more than four in five (81%) predict an increase in profitability over the next five years. Almost half (49%) operate between one and five subsidiary businesses.
- AEDCs often form partnerships with non-Indigenous corporations to increase profits, build operational capacity, secure large projects, and support employment and development within the community.

Most AEDCs (70%) have formed between one and five corporate partnerships. Slightly less than half (43%) say that their partnership emerged out of an Impact Benefit Agreement (IBA). Seven in ten (70%) report that the corporate partner procures from the community and more than eight in ten (85%) offer support services to community members. More than three-quarters (78%) rate this community support excellent or good. Partnerships tend to involve senior leadership and, in many cases (34%), the CEO serves as the critical point of contact for community.

- The majority of AEDCs rely on own-source revenue for their ongoing operations. Most respondents who were asked (31%) said the AEDC could constructively invest between \$1 and \$5 million annually to support growth and expansion. AEDCs apply for funding through Federal programs above all other sources (67%).
- AEDCs are major sources of employment for the community/communities they serve. An average of

278 employees work for the AEDCs interviewed and their subsidiary businesses, with most (69%) reporting one to 150 employees. This represents a total of 12,220 jobs across all 49 AEDCs interviewed.

- Almost all AEDCs (96%) have a Board of Directors and most (70%) say there are representation requirements for board composition. Regardless of the various roles and compositions, AEDCs identify the main advantage of a Board of Directors as the knowledge, experience and guidance it provides. The main drawback of a Board of Directors relates to the sometimes-limited capacity of board members, particularly volunteers and/or community members who may lack the business knowledge or skills to operate effectively in their roles.
- Of the subsidiary businesses for which information was provided, over three-quarters (76%) have completed projects over \$150,000 with an estimated average of over \$15 million in gross sales revenue in the past fiscal year.

BACKGROUND

The growth in the number and scale of Indigenous businesses in recent decades has been remarkable. Of the communities in which the National Perspectives research was conducted, the bulk have an Aboriginal Economic Development Corporation (AEDC), which invests community-held monies and has oversight of at least one subsidiary business on behalf of the community. CCAB estimates the number of AEDCs in Canada to be close to 500.¹

AEDCs are notably adept at growth. They tend to be larger than Indigenous privately-owned businesses, which has allowed some of them to be pathfinders, breaking into regional supply chains. These community-owned umbrella organizations form and operate businesses on behalf of the community, can generate millions of dollars in assets, and allocate funds in ways that generate greater wealth for their shareholders. AEDCs are now managing and investing in major industrial projects across Canada, including natural resources, energy, construction, hospitality, travel and tourism, the arts, professional services and information technology. Because these companies are often established to provide a source of own-source income to the community, they have a built-in social purpose that guides their operations. Most (61%) report that up to half

of their after-tax revenue earned in the past fiscal year was invested back into the community. While all AEDCs have a social purpose by virtue of their direct ties to community, some AEDCs focus solely on wealth-generation while others prioritize reinvesting in communities directly, with the main benefits being support for digital infrastructure (54%) and employment income (51%).

CCAB's *2016 Promise and Prosperity* report highlighted the challenges that Indigenous private firms face when navigating the federal procurement process and obtaining appropriate licenses and certifications for large projects. The establishment of AEDCs gives the company the explicit backing of the community, helping overcome some of the hurdles faced by these businesses. Access to business opportunities on behalf of the community mitigates significant financial risk and affords the AEDC additional security to support growth. Access to corporate supply chains seems to encourage the use of the international standards that are necessary to bid on large corporate and government contracts, such as International Organization for Standardization (ISO) designations and bonding. However, AEDCs still suffer from many of the limitations affecting all Indigenous businesses.

¹ CCAB used the number of AEDCs identified in our *2013 Community and Commerce* report of AEDCs in Ontario to make estimates of the AEDC population nationally.

A man and a woman, both wearing hard hats and safety vests, are looking at a large set of blueprints. The man is pointing at a specific area on the plans, and the woman is looking on attentively. The background is a blurred construction site.

DETAILED FINDINGS

Many AEDCs are firmly established in their communities, but, overall, they are a relatively new facet of the Indigenous economy. Understanding how they operate within their communities and the broader market is crucial, as they often follow a unique mandate that joins community and business goals. Their effective access to opportunities as a function of representing their communities makes AEDCs a catalyst for growth. This, in turn, makes them a driving force in the Indigenous economy and the overall market in Canada.

Currently, there is a lack of reliable information on the topic of AEDCs in Canada. This study was conducted by CCAB to shed light on their role in facilitating community economic development for Indigenous communities in Canada and the impact they have on both social and economic prosperity.

A. AEDC PROFILE

The AEDCs surveyed have been in existence for an average of 16 years, and most consider themselves established rather than a start-up. Most AEDCs are incorporated and three-quarters are owned by a single community. The vision of these AEDCs varies, but typically involves wealth generation, self-sufficiency and community employment. They employ more than 12,000 people in total.

ORGANIZATIONAL VISION FOR ECONOMIC DEVELOPMENT

- Each AEDC described (in their own words) a unique vision for economic development. However, some consistent themes emerged. Visions for AEDCs fall into four broad categories: wealth generation, self-sufficiency, job creation and diversification.

"Our goal is to be able to have a self-governing community in the future and we are trying to achieve this through business and economic development."

"We have to follow our comprehensive community plan vision — to create a prosperous, healthy, self-sustaining community."

WEALTH GENERATION. The most common theme involved the generation of wealth for the community, expressed alternately as creating revenue, profit, cash flow or earnings, equity growth or return on investment (ROI). Wealth creation is a long-term vision for community economic development and feeds into the concept of self-sufficiency.

"Our mandate is for profit; all of my focus is on profit. If I focused on government process, I would never make any profit. All that the government procurement system does is slow us down. In the last 15 years, our Aboriginal businesses have become the largest employers in the territory; we are taking over the economy."

"I would like to see in the next five years for us to be at least a \$30 million a year organization in revenue. In the next ten years I'd like to see \$100 million [...] and then use that profit to pay our shareholders."

"We want to develop our lands to maximize productivity and income."

JOB CREATION. Employment, training and capacity building are also common themes in AEDCs' visions for success. Notably, some responses suggest a shift in focus over time, away from solely job creation to a sustainable economy that creates long-term opportunities for community members. Job creation takes advantage of the immediate economic circumstances but leaves the future of jobs uncertain at the end of the project.

"Since [the start of the AEDC], we have shifted from a political organization focused on job creation to a business organization focused on revenue."

"We avoid focusing on jobs or training. Job creation and training come after business development and corporate success. They are by-products of success."

SELF-SUFFICIENCY. The ultimate goal of wealth generation is economic and/or community self-sufficiency, sovereignty or self-sustainability. This encompasses not only independence from government funding, but the ability to provide for community members in terms of their standard of living, health and social service needs, and community infrastructure.

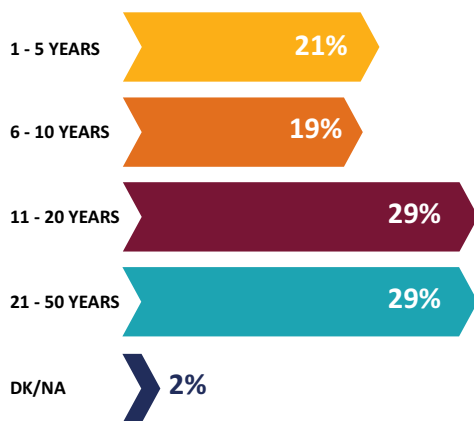
DIVERSIFICATION. A handful of AEDCs referred to the need to diversify their businesses or markets, again suggesting an evolution towards more complex organizations with long-term strategies. A successful foray into new industries and markets can also provide more diverse career opportunities for community members beyond low-skill and manual labour jobs.

"[Our goal is to] leverage current opportunities for long term growth and sustainability. To not be dependent on one industry. Use that to diversify and develop for the long term."

"We are looking to diversify our business, to be less reliant on oil and gas."

NUMBER OF YEARS IN EXISTENCE. The majority of AEDCs (58%) have been in existence for more than ten years. Two in ten (21%) are new AEDCs that have been around between one and five years, and a similar proportion have been around between six and ten years. On average, respondents' AEDCs have been in existence for 16 years.

NUMBER OF YEARS IN EXISTENCE



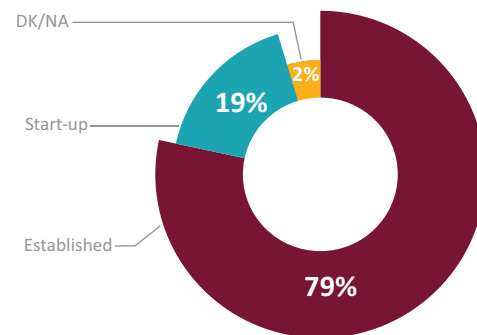
MEAN=16

Q2. How long has the AEDC been in existence? Sample: Those who answered the question (n=48)

Almost eight in ten (79%) say that their AEDC is established, while almost two in ten (19%) consider themselves to be a start-up. Notably, these perceptions do not correlate with actual number of years in existence; identifying the AEDC as a start-up is about as likely among those that have been around for more than ten years as those that launched fewer than ten years ago. Although respondents were not asked the reason for labeling the AEDC as a start-up, the following are possible explanations:

- It takes time and experience to establish the right governance structure and a winning formula that drives business and ethics.
- Common roadblocks to all Indigenous business (e.g., access to financing, access to markets) continue to stymie growth efforts.
- While the AEDCs may have been around or dormant for a significant period, the subsidiary business(es) is/are in the start-up phase.

AEDC DEVELOPMENT STAGE

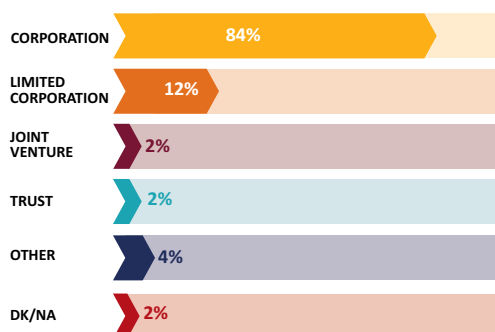


Q4. Would you say the AEDC is established or in the process of starting up? Sample: Those who answered the question (n=47)

The small number of AEDC start-ups were asked about their business planning. Five of eight that were asked currently have a business plan in place, and six of the eight asked have a strategic plan in place.

LEGAL STRUCTURE. A large majority of respondents (over eight in ten) say their AEDC is a corporation. One in ten are a limited corporation. Few report their AEDC as a joint venture or trust.

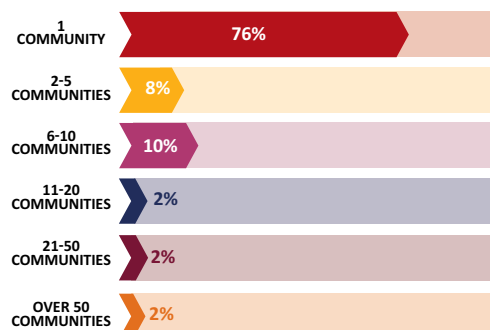
LEGAL STRUCTURE OF THE AEDC



Q3. What is the legal structure of the AEDC? Sample: Those who answered the question (n=49)

effective vehicles for diversifying project risk or combining limited community capacity. The importance of strong and transparent governance is improves dramatically when multiple communities jointly own a project.

NUMBER OF COMMUNITIES THAT OWN THE AEDC



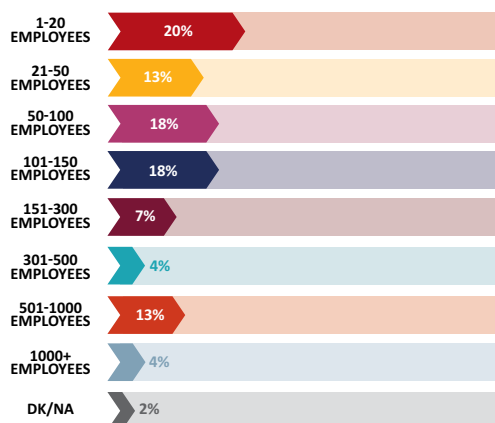
Q5. How many communities are owners of this AEDC? Sample: Those who answered the question (n=49)

OWNERSHIP. Most AEDCs (76%) are owned by one community, compared to one in five (22%) that are owned by two or more communities. Development corporations are formed to be accountable and add value to the community; thus, there are fewer multi-community ventures. However, some multi-community AEDC partnerships have been highly successful since they require less beginning capital from constituent communities and allow partners to enter unexplored markets while extending their skill sets to new areas and dividing business risk. In some cases, they are necessary for specific projects that impact more than one community.

Strategic regional alliances are also common for smaller and more isolated communities that must expand their business reach in order to deliver value for their community based on social and cultural goals. Multi-community partnerships are not arbitrary—they typically follow treaty territories and nations, historical and political ties. If communities want to work together, one option is through overlapping financial arrangements, which has been of use in northern and remote regions where communities partner to raise capital and form development corporations. Multi-community partnerships can be

NUMBER OF EMPLOYEES. An average of 278 employees work for the AEDCs interviewed and their subsidiary businesses, with most reporting one to 150 employees. This represents a total of 12,220 people across the 45 AEDCs for which data exists in total.

NUMBER OF EMPLOYEES WORKING FOR AEDC AND SUBSIDIARIES



MEAN=278

Q41. How many employees work for the AEDC and all subsidiary businesses in total in all locations? Sample: Those who answered the question (n=45)

AEDCs are significant contributors to employment for the community/communities they represent and the

surrounding region. Most AEDCs employ between one and 150 people, with almost one in five (17%) employing over 500 people. These data are a major indicator of capacity development for communities by demonstrating the size of these businesses and the human capital necessary to compete for large procurement contracts.

B. BUSINESSES OPERATED BY AEDC

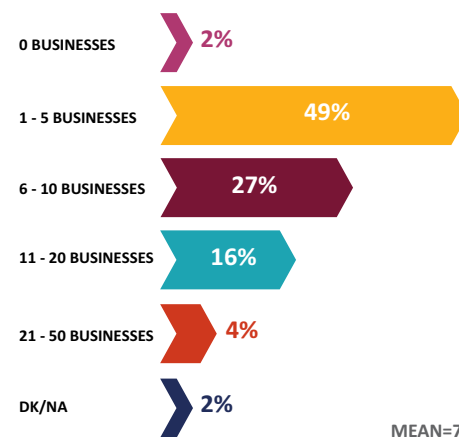
The 49 participating AEDCs operate a total of 296 businesses and provided data on a pool of 241 of them. These businesses are typically operated either as a sole proprietorship or a partnership. They employ more than 8500 people in peak season (representing 52 people on average per business); on average, four in ten employees are community members and just over half are Indigenous. Past year gross sales revenues vary, but comparison to target sales revenue for the next three years indicates that, overall, the trend is toward revenue growth.

Following questions for the AEDC in general, survey respondents were then asked a series of ten questions for each subsidiary business, to a maximum of eight businesses. In total, this represents a pool of 241 businesses. However, the results reported below are based upon the total number of businesses for which the question was asked and answered (i.e., not all questions were asked and/or answered for all 241 businesses).

The majority of AEDCs operate as a “parent” or “holding” company — a business that owns controlling interest in another company or companies, giving it oversight over subsidiary business operations. The majority of AEDCs surveyed reported owning between one and five subsidiary businesses. The AEDC subsidiary businesses often perform a variety of services and operate in different sectors including, but not limited to, construction; retail; trade, professional, scientific, and technical services; and mining, quarrying, and oil and gas extraction. Subsidiaries are created to serve specific purposes for the community the AEDCs represent, with some operating as the driving force behind revenues and profit, and others providing crucial employment opportunities or meeting a pressing social need for the community. For example, there was a variety of business structures reported across responses, from business parks (areas planned for commercial and office space) that employ 100 people to investment firms that focus on wealth creation but offer little in the way of employment opportunities.

NUMBER OF BUSINESSES. About half of the respondents report that their AEDC operates one to five businesses; approximately one-quarter report six to ten businesses. This represents a total of 296 businesses across these 49 AEDCs. The average number of businesses operated per AEDC is seven.

NUMBER OF BUSINESSES THE AEDC OPERATES



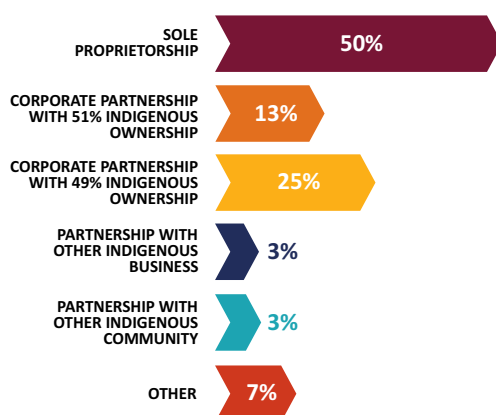
Q6. How many businesses does the AEDC operate? Sample: Those who answered the question (n=45)

TYPE OF BUSINESS. It is most common for businesses to be run as sole proprietorships (50%). This is followed by corporate partnerships: just over one in ten businesses (13%) have 51 percent Indigenous ownership and one-quarter (25%) have 49 percent Indigenous ownership. Few businesses comprise partnerships with another Indigenous business or community.

The strong number of wholly owned firms is heartening, as the community enjoys sole control of the business profits. Majority-owned firms also place the lion's share of profits back into community coffers without being exclusively liable for all business losses and liabilities. Minority ownership was the second most common type of AEDC business.

In CCAB's experience, taking a minority position in a partnership can be a strategic decision, enabling the AEDC to share the financial benefit of the business despite having limited responsibility or involvement in its inner workings. This provides capacity-building opportunities and increased economic benefit to communities. If circumstances permit, community-owned firms can leverage their minority stake to learn the business operations in order to transition to a majority ownership with oversight of design and management. There was a number of instances in which the AEDC was the sole proprietor of a few core businesses but partnered as either a majority or minority owner with other specialized companies to build new lines of business (e.g., commercial airline, pharmaceutical company). The partnerships allowed the AEDC to access corporate credibility around expertise and bonding.

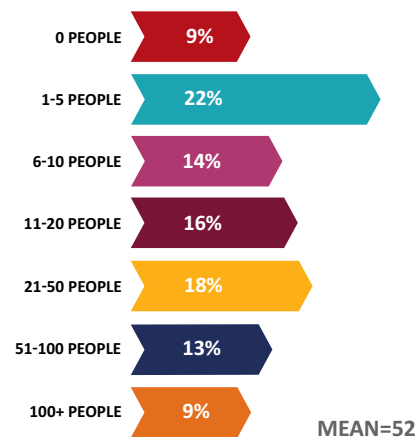
TYPE OF BUSINESS



Q8. Is this business a...? Sample: Businesses for which data exists (n=173; 72% response rate)

EMPLOYMENT. Almost half of AEDC subsidiary businesses (45%) employ ten people or fewer in peak season, one-third (34%) employ between 11 and 50 people, and two in ten employ more than 50 people. This represents a total of 8,547 people across the 164 businesses for which data exists. On average, these businesses employ 52 people in peak season.

NUMBER OF PEOPLE EMPLOYED IN PEAK SEASON



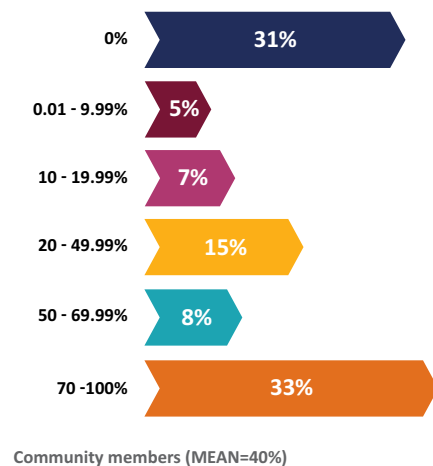
Q11. How many people does this company employ in peak season? Sample: Businesses for which data exists (n=164, 68% response rate)

Indigenous businesses are more likely to hire Indigenous employees compared to non-Indigenous firms, which can stimulate healthy economic growth and mitigate social problems in communities. This huge over-representation of Indigenous employees in Indigenous-owned businesses presents a key opportunity to narrow the employment rate gap between Indigenous and non-Indigenous people in Canada. Of those Indigenous-owned businesses surveyed by CCAB in 2016 that have employees, almost all (86%) employ Indigenous Peoples, and 62% of all employees in those businesses are Indigenous.²

2 CCAB. (2016). Promise and Prosperity: The 2016 Aboriginal Business Survey. Retrieved from <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>

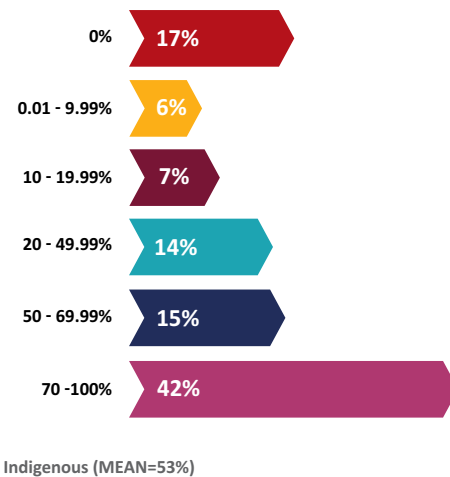
AEDC subsidiary businesses can be major contributors to employment for community members and Indigenous Peoples in general. Four in ten (41%) businesses have 50 percent or more employees who are community members, and more than half (57%) of businesses have 50 percent or more employees who are Indigenous. Targeted procurement spending with Indigenous firms can be particularly effective in contributing to economic development due to its high local multiplier effect. When a major project, like large highway and bridge construction, is put into place, the local area can experience a surge in employment and business activity. Increased employment not only leads to greater wealth for community members but also grassroots support and buy-in for projects that impact communities. Canada has a poor track record when it comes to non-discriminatory hiring practices,³ so the value to Indigenous communities of organizations that hire Indigenous Peoples in relatively larger numbers cannot be overstated.

PROPORTION OF EMPLOYEES WHO ARE COMMUNITY MEMBERS



Q12. What percentage of employees are community members? (n=96, 40% response rate) Sample: Businesses for which data exists

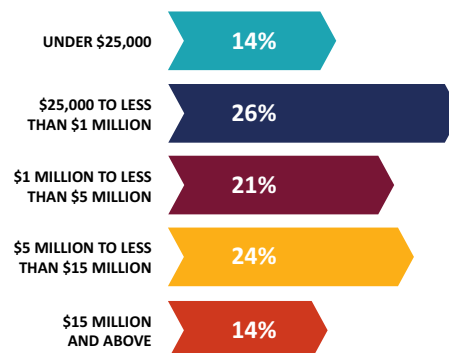
PERCENTAGE OF EMPLOYEES WHO ARE INDIGENOUS



Q13. What percentage of employees are Indigenous? (n=109, 45% response rate) Sample: Businesses for which data exists

BUSINESS REVENUE. Among the businesses that provided information about the dollar value of their largest project (n=76, or 32% of the total), four in ten report that it came in at under \$1 million, almost half (45%) report an amount between \$1 million and \$5 million, and 14 percent report an amount of \$15 million and above.

DOLLAR FIGURE OF LARGEST PROJECT COMPLETED

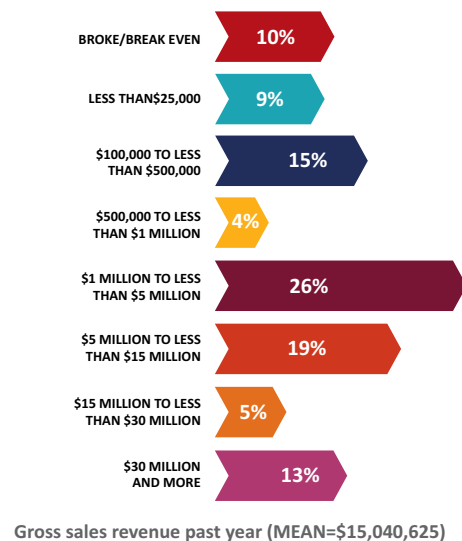


Q14. What is the dollar figure of the largest project this company has ever completed? Sample: Businesses for which data exists (n=76, 32% response rate)

3 Quillian, L., Heath, A., Pager, D., Midtbøen, A. H., Fleischmann, F., and Hexel, O. (2019). Do Some Countries Discriminate More than Others? Evidence from 97 field experiments of racial discrimination in hiring. *Sociological Science*. Retrieved from <https://www.sociologicalscience.com/articles-v6-18-467/>

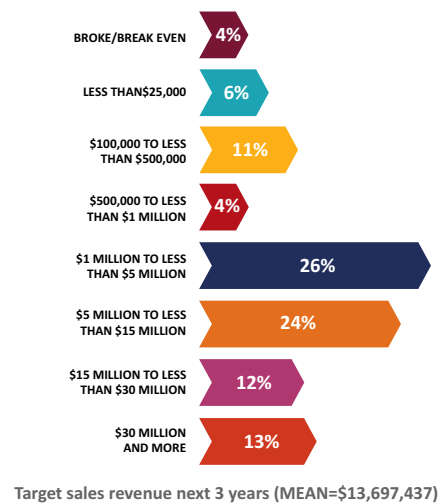
For subsidiary businesses, both past year gross sales revenue and target revenues for the next three years vary considerably. In both cases, the greatest concentration exists in the range of \$1 million to less than \$15 million. Comparison between past and target revenue indicates that subsidiary businesses are targeting higher future revenues and are optimistic about business growth. For instance, in the past year almost four in ten (37%) businesses had revenue over \$5 million, while almost half (49%) are targeting this amount over the next three years. It is important to consider AEDCs when thinking about government procurement opportunities. These findings should further dispel any myths about Indigenous business capacity in Canada.

GROSS SALES REVENUE ACROSS SUBSIDIARIES



Q15. To help us classify responses, what were the business's gross sales revenues for the past fiscal year? (n=135) Sample: Businesses for which data exists

FUTURE SALES REVENUE TARGET ACROSS SUBSIDIARIES



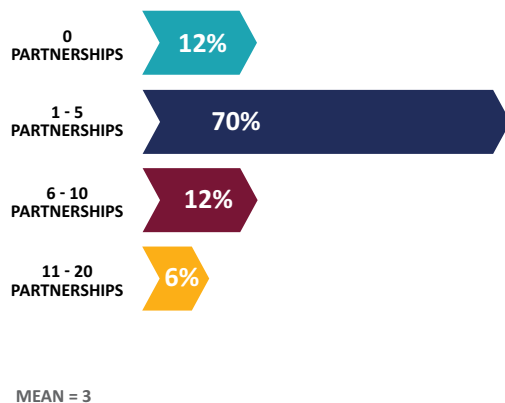
Q16. What is the target sales revenue for this company in the next three years? (n=100) Sample: Businesses for which data exists

C. CORPORATE PARTNERSHIPS

The 49 participating AEDCs have formed a total of 109 partnerships and provided data on a pool of 83 of them. Four in ten partnerships have an Impact Benefit Agreement (IBA)⁴ or Memorandum of Understanding (MOU) in place. Large majorities say their corporate partner sources goods/ services from businesses within the community and offers support services to community members employed through the partnership; eight in ten rate these support services as excellent/good. It is most common that the working relationship with the corporate partner is with the CEO, Board of Directors or someone at the executive level. Overall, nearly eight in ten partnerships are considered to have a positive impact on the community.

CORPORATE PARTNERSHIP PROFILE. Most AEDCs have developed partnerships with other Indigenous or non-Indigenous corporations. A majority (seven in ten) of AEDCs report they have formed between one to five partnerships; almost two in ten have six or more partnerships, while one in ten have none. This represents a total of 109 partnerships. The average number of current partnerships per AEDC is three.

NUMBER OF CURRENT CORPORATE PARTNERSHIPS



Q17. How many partnerships, if any, has the AEDC currently formed? Sample: Those who were asked the question (n=33)

Among those who have formed partnerships (n=25), almost half (48%) indicated that zero of those partnerships came about because of a duty to consult with their community. Just over a third (36%) say one to five partnerships were the result of a duty to consult; and four percent say 11 to 20 partnerships came about this way. One in ten (12%) are unsure. The business rationale given for corporate partnerships was most often to allow less sophisticated development corporations to access the skills, knowledge and resources of more complex organizations. The data reveal that slightly less than half (43%) of partnerships occur as a result of an IBA. Respondents were emphatic that these partnerships made good economic sense to all parties. The large number of partnerships that came about without the duty to consult being a factor is indicative of the strong business rationale for business partnerships with Indigenous communities.

Part of the renewed commitment to economic partnerships was the fact that proponents were better informed and implemented better organizational structures and metrics to assess Indigenous community support and engagement; part was the fact that Indigenous communities demanded more from partnerships that have the potential to impact their lands, people and lifestyles. There appeared to be a shift from the standard of IBAs and similar mechanisms to a focus on relationships. It was generally understood that the IBA follows the relationship and the ability to establish and build trust. Often, the relationship-building process was aided by the corporate partner's embrace of a Corporate Social Responsibility (CSR) program. CCAB's Progressive Aboriginal Relations (PAR) program serves this function and is the only Indigenous-focused CSR program in Canada.

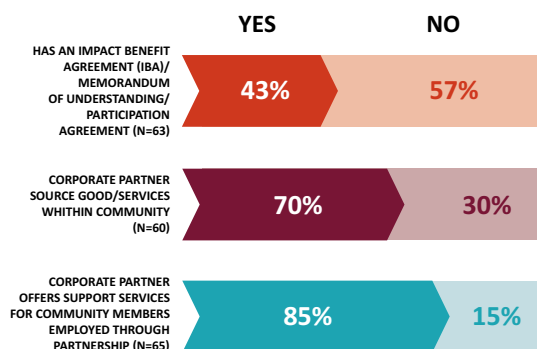
⁴ Impact Benefit Agreement (IBA) – IBAs have been the most common outcome of the duty to consult. Where a project may encroach on First Nations' Traditional Territory, the negotiation of an IBA can outline the parameters of the project, the commitment and responsibilities of both parties, and how the First Nations will share in benefits of the operation. IBAs often evolve from an initial "Memorandum of Understanding" and are developed into a final and legally binding agreement through consultation and negotiation between the proponent, the First Nations, and their respective legal counsel.

The reinforcing elements and best practices of leadership actions, business development, employment, and community relationships have helped move beyond the routine duty of IBAs, MOUs and participation agreements.

As with the subsidiary business-level data, respondents were then asked a series of seven questions for each partnership, to a maximum of six partnerships. In total, this represents a pool of 83 partnerships. However, the results reported below are based upon the total number of partnerships for which the question was asked and answered (i.e., not all questions were asked and/or answered for all 83 partnerships).

CORPORATE PARTNER RELATIONSHIP. Four in ten (43%) partnerships reported having an Impact Benefit Agreement (IBA), Memorandum of Understanding, or participation agreement or benefit plan in place with the AEDC or the community it serves. Seven in ten (70%) of these partnerships reported the corporate partner sources goods and services from businesses within the community. For over eight in ten (85%) partnerships, their corporate partner offers support services for community members employed through the partnership.

AGREEMENTS AND CORPORATE PARTNER RELATIONSHIP



Q20. Does your community have an Impact Benefit Agreement (IBA), Memorandum of Understanding or participation agreement or benefit plan in place for this partnership/project? (76% response rate)

Q21. Does the corporate partner source goods and services for the project from businesses within the community? (72% response rate)

Q22. Does your corporate partner offer support services (training, certification, skills development) for community members that are employed through the partnership? (78% response rate)

Sample: Partnerships for which data exist

Among partnerships where the corporate partner offers support services for community members employed through the partnership, eight in ten rate those services as excellent or good; only two in ten rate them as only fair or poor.

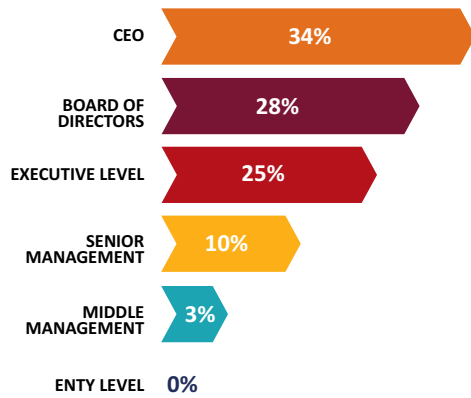
QUALITY OF CORPORATE PARTNER SUPPORT SERVICES



Q23. How would you rate the quality of these support services? Would you say they are excellent, good, only fair, or poor? Sample: Partnerships whose corporate partner offers support services and who answered the question (n=37, 57% response rate)

The contact with the corporate partner is typically at the highest levels of the organization, the most common being the CEO (34% of partnerships), followed by the Board of Directors (28%) and someone at the executive level (25%). One in ten partnerships involves a working relationship with senior management and few interact with middle management.

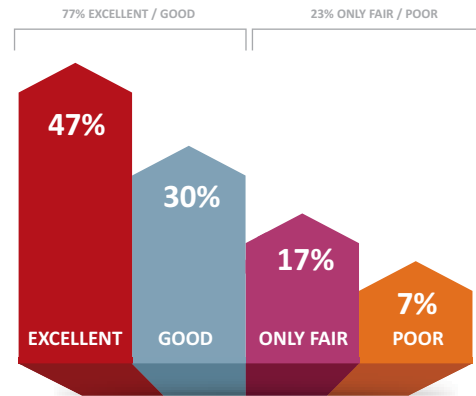
WORKING RELATIONSHIP WITH CORPORATE PARTNER



Q24. Of the following, who does your organization have a working relationship with at the corporate partner organization? Sample: Partnerships for which data exist (n=61, 73% response rate)

Nearly eight in ten partnerships are judged to have an excellent or good impact on the community; just over two in ten partnerships have an impact described as only fair or poor.

IMPACT OF CORPORATE PARTNERSHIP ON COMMUNITY



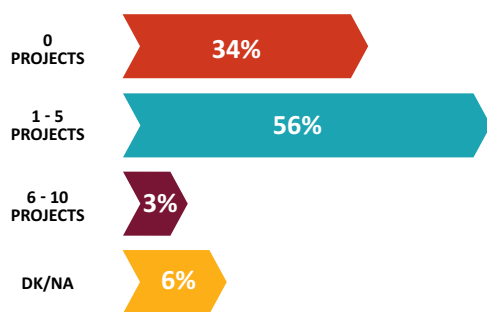
Q25. How would you rate the impact of this partnership on your community? Sample: Partnerships for which data exist (n=60, 72% response rate)

D. LOCAL PROJECTS WITH NO COMMUNITY CONTROL/OWNERSHIP

The 49 participating AEDCs have a total of 38 projects triggering a duty to consult with their community and provided data on a pool of 42 of them. Large majorities of projects have an IBA or participation agreement in place and say that their corporate partner sources goods/services from businesses within the community and offers employee support services. Three-quarters of projects are considered to have a positive impact on the community.

INVOLVEMENT IN BUSINESS PROJECTS. For projects in which the community does not have control or ownership, nearly six in ten AEDCs report that one to five such projects have triggered a duty to consult with their community; one-third report no projects did so. This represents a total of 38 projects. An average of one project per AEDC triggered a duty to consult with the community.

NUMBER OF PROJECTS THAT TRIGGERED A DUTY TO CONSULT COMMUNITY



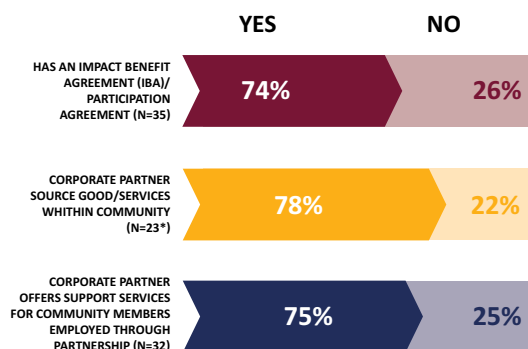
MEAN = 1

Q26. How many projects, if any, have triggered a duty to consult with your community? Sample: AEDCs for whom data exist (n=32, 71% response rate)

As with the business- and partnership-level data, respondents were then asked a series of nine questions for each project that triggered a duty to consult, to a maximum of five projects. In total, this represents a pool of 42 projects. However, the results reported below are based upon the total number of projects for which the question was asked and answered (i.e., not all questions were asked and/or answered for all 42 projects).

CORPORATE PARTNER RELATIONSHIP. Three-quarters of projects triggering a duty to consult have in place an IBA, participation agreement or benefit plan with the community. For almost eight in ten such projects, the corporate partner sources goods and services from businesses within the community. For three-quarters of such projects, their corporate partner offers support services for community members employed through the partnership.

AGREEMENTS AND CORPORATE PARTNER RELATIONSHIP



Q28. Does your community have an Impact Benefit Agreement (IBA), participation agreement or benefit plan in place for this project? (83% response rate)

Q31. Does the corporate partner source goods and services for the project from businesses within the community? (55% response rate) *Use caution when interpreting data due to small sample size

Q32. Does your corporate partner offer support services (training, certification, skills development) for community members that are employed through the partnership? (71% response rate) Sample: Projects triggering a duty to consult for which data exists

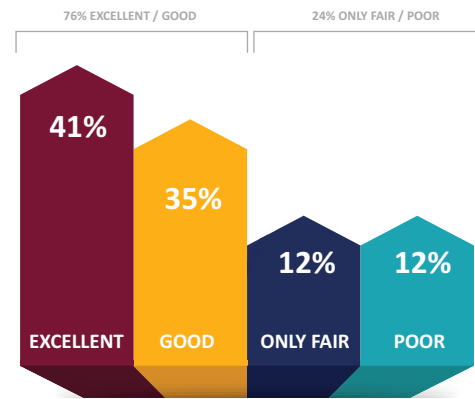
Among the small number of projects for which the corporate partner offers employee support services, and who answered the question (n=22), nine in ten rate these services as excellent/good.

Among the small number of projects for which data exists (n=15), about half (seven projects) have 50 percent or more of employees who are community members and a similar number (eight projects) who have more than 70 percent Indigenous employees.

Among the small number of projects for which data exists (n=26), the working relationship with the corporate partner tends to be with the CEO of the partner corporation or someone at the executive level.

Three-quarters of projects are judged to have an excellent or good impact on the community; one-quarter have an impact described as only fair or poor.

IMPACT OF CORPORATE PARTNERSHIP ON COMMUNITY



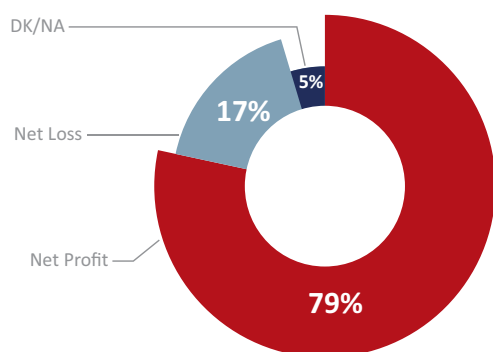
Q35. How would you rate the impact of this project on your community? Sample: Those whose companies are structured as corporate partnerships and who answered the question (n=34, 81% response rate)

E. FINANCING

Most AEDCs report a net profit in the past five years and have a positive forecast for their company's profit for the next five years. The main source of financing tends to be own-source revenue or revenue from the AEDC, followed by business loans/lines of credit from a financial institution. In the past two years, the majority of AEDCs applied for funding from the federal government or a private bank/credit union. Average funding received ranges from around \$500,000 to nearly \$2 million, with the largest average amounts coming from the federal government and private banks/credit unions. Two-thirds say the ideal financing amount for the AEDC to receive each year, for the next five years, to ensure it meets its growth objectives is \$1 million or more.

COMPANY PROFIT AND FORECAST. Eight in ten say their company experienced a net profit in the past five years, while just under two in ten report a net loss. Five percent are unsure.

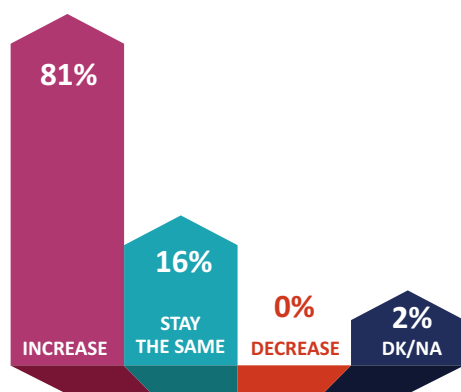
AEDC NET PROFIT OR NET LOSS IN PAST 5 YEARS



Q38. In the past five years (on average), did the AEDC experience a net profit or a net loss? Sample: Those who answered the question (n=42)

A large majority express a positive outlook for the AEDC's future profit, with eight in ten saying they expect it to increase. Just under two in ten expect it to remain the same and no one expects it to decrease.

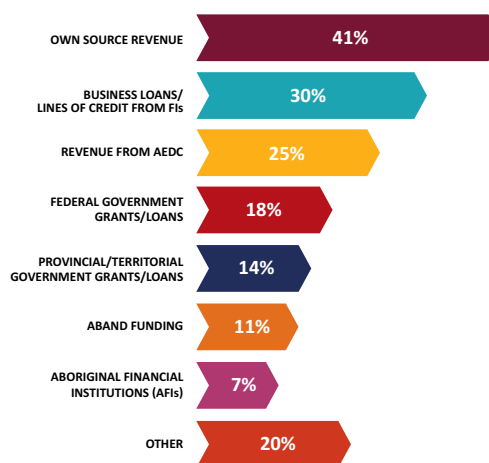
FIVE-YEAR FORECAST FOR AEDC'S PROFIT



Q39. Over the next five years (on average), do you expect the AEDC's profit to...? Sample: Those who were asked the question (n=35)

MAIN SOURCE OF FINANCING. A majority (66%) of AEDCs are financed mainly through own-source revenue (41%) or revenue from the AEDC (25%). Three in ten rely mainly on business loans/lines of credit from a financial institution; and about two in ten (18%) rely mainly on federal government grants/loans. About one in ten each mention provincial/territorial government grants/loans, Band funding or Aboriginal Financial Institutions (AFIs). Many respondents remarked on the importance of own-source revenue to create a reliable cash flow and clear insight into the financial side of the business. Revenue the AEDC raised by generating business and other income offered economic independence for the community. This offers relief from the challenge of access to capital from traditional financial institutions, and government funding for social services.

MAIN SOURCE OF FINANCING



Q40. What is the main source of financing for the AEDC currently? Sample: Those who answered the question (n=44)

INSURANCE. Among the small number of businesses (n=32, or 13% of the total) who provided information about their insurance coverage, nearly nine in ten businesses have \$150,000 or more in insurance.

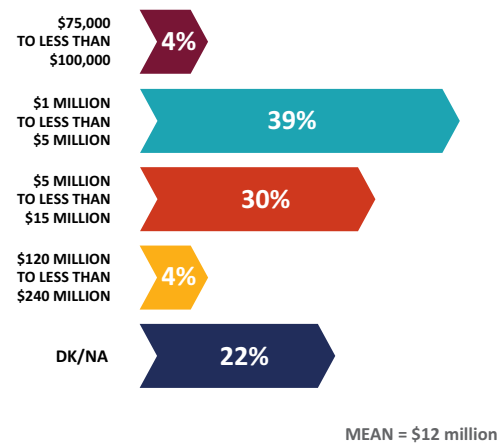
AMOUNT OF SUBSIDIARY BUSINESS INSURANCE



Q9. What is the total dollar amount of insurance this company has? Sample: Businesses for which data exists (n=32; 13% response rate)

INSURANCE. Most respondents report a mid-range amount of company insurance, with four in ten saying their company has \$1 million to less than \$5 million in insurance, and three in ten reporting \$5 million to less than \$15 million. Respondents often mentioned that they had additional project-related insurance or that they increased their coverage based on need. The average amount of company insurance is about \$12 million. Most AEDCs and subsidiary businesses had earned relevant industry certifications, but whether performance bonds can be secured for large contracts remains an open-ended question. It may be a question best left to individual businesses to understand their success at meeting bond requirements for exceptionally large or expensive contracts if the project cannot be finished.

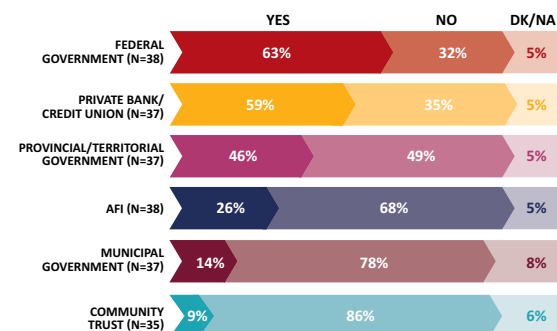
AMOUNT OF AEDC INSURANCE



Q37. What amount of insurance does your company have? Sample: Businesses for which data exists (n=23)
*Interpret with caution due to small sample size

FUNDING APPLICATIONS. Almost two-thirds of AEDCs applied for funding from the federal government in the past two years, and six in ten made an application at a private bank/credit union. Almost half applied to their provincial/territorial government and one-quarter applied for funding from an AFI. Close to one in ten each applied to their municipal government or a community trust.

AEDC FUNDING APPLICATIONS IN PAST TWO YEARS



Q57. In the past 2 years, has the AEDC applied for funding from the following...? Subsample: Those who answered the question.

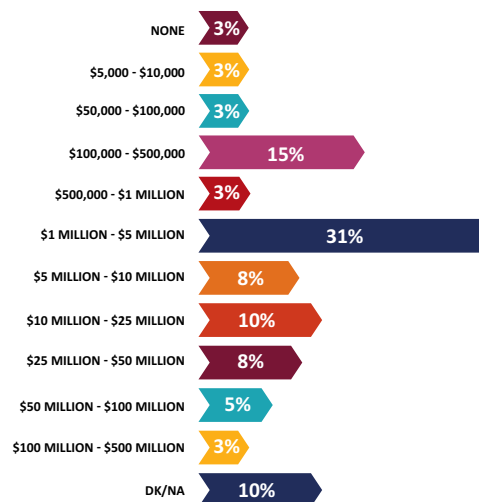
Among AEDCs who received funding from each source previously mentioned, the highest average amounts that applicants received were \$1,822,500 from the federal government (n=26) and \$4,861,765 from a private bank/credit union (n=21). Averages received from other organizations range from \$216,666 from a community trust (n=17) to \$491,461 from a provincial/territorial government (n=20).

Among the small number of AEDCs who applied for funding but received none (n=16), the perceived barriers include regulatory restrictions on reserve, the absence of business plans/strategic planning documents, political interference and an increased perceived risk due to community ownership. Four respondents mention something else and four are unsure.

IDEAL AMOUNT OF YEARLY FINANCING. When asked about the ideal amount of financing for the AEDC to receive each year, for the next five years, to ensure it meets its growth objectives, two-thirds respond with an amount of \$1 million or more. About one-quarter mention an amount below \$1 million and one in ten offer no response. Canada's funding programs should target the \$1-5 million range to support the growth trajectory of more complex AEDCs and their mission to promote the welfare of the

community. As much as half a million in financing dollars could more suitably support the activities of smaller, less complex organizations.

IDEAL FINANCING AMOUNT FOR AEDC TO RECEIVE EACH YEAR OVER NEXT FIVE YEARS



Q60. What would be the ideal financing amount for the AEDC to receive each year, for the next five years, to ensure it meets growth objectives? Sample: Those who answered the question (n=39)

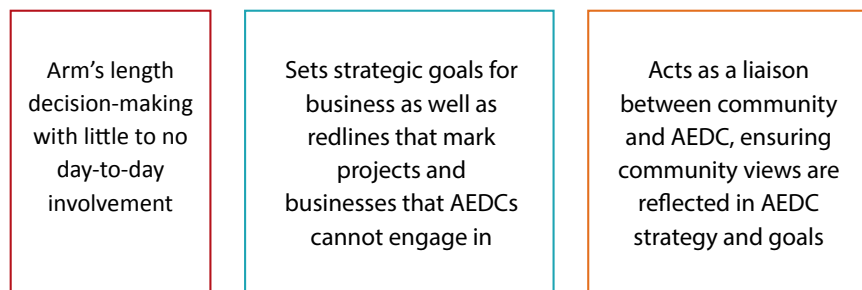
F. GOVERNANCE

Almost all AEDCs have a Board of Directors; and a majority of those say there are representation requirements for their Board. Three-quarters have a Custom Elections code and moved away from the Standard or Elected governance model based on the Indian Act due to the length of elections and business/decision-making stability. Four in ten have a Custom Lands Management Act or code.

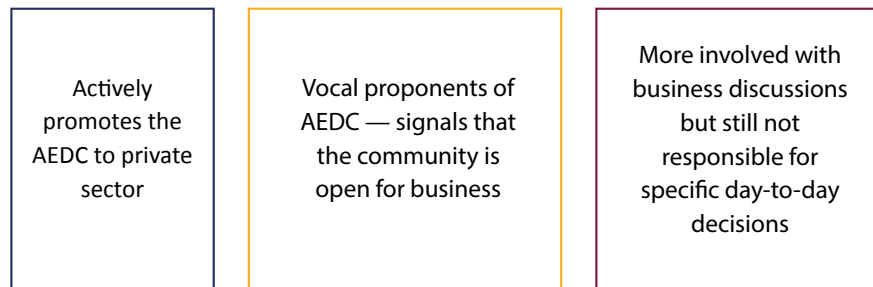
BOARD OF DIRECTORS. Almost all AEDCs have a Board of Directors; and of those, seven in ten say the AEDC has representation requirements for their Board. The data uncovered two kinds of positive relationships between Indigenous governments and economic development. The first was a clear wall of separation between the development corporation and Chief and Council. The other

was a ‘Champion’ model where a Chief or Senior Councilor acted as an advocate for community-owned business with both community members and business partners. Both governance models have benefits and risks; however, both strategies highlighted the importance of day-to-day decision-making resting with the CEO and executives of the AEDC, as opposed to political leadership. Equally, both models need to ensure transparency and strategic decision-making space for Chief and Council.

CHIEF AND COUNCIL AS STRATEGIC VISIONARY



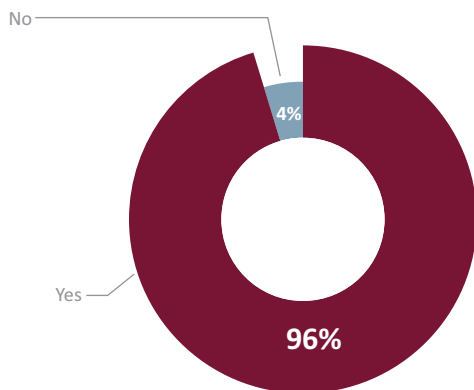
CHIEF AND COUNCIL AS CHAMPION



The former governance model risks alienating Chief and Council and can leave a fledgling AEDC in the wilderness without support. Alternatively, the 'Champion' model risks a change in political leadership compromising business operations but also creates a political liability for the Chief if the business faces turbulence. While both systems have strengths and limitations, it may be useful to think of these alternatives as two ends of a spectrum, and some blend of the two systems is likely most appropriate for each community. The relationship will also evolve as the development corporation grows. It is likely more effective for young AEDCs to receive support from Chief and Council, but as the AEDC evolves, this support can become less decisive and the governance model creates a buffer to political whim.

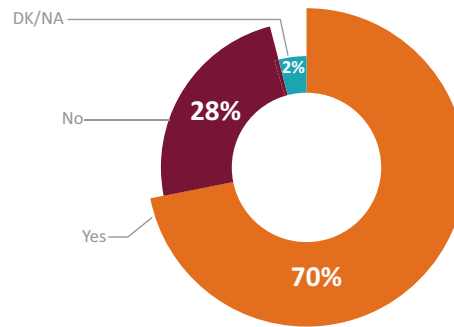
This research found that there is no such thing as a watertight separation between business and politics. Where such a separation exists temporarily, the risk of political and business leadership goals diverging and creating practical hurdles for business increases dramatically. A key function of governance is to formalize the relationship between political and business leaders, which often falls between these two categories. The ultimate goal is a sustainable relationship that ensures business goals align with community goals and that AEDCs are able to compete against private firms to improve prosperity for their communities.

AEDC HAS A BOARD OF DIRECTORS



Q42. Does the AEDC have a Board of Directors? Sample: Those who answered the question (n=48)

AEDC HAS REPRESENTATION REQUIREMENTS FOR THEIR BOARD



Q43. Does the AEDC have representation requirements for their Board? (i.e., must have Elder, Clan, gender representation...) Sample: Those who answered the question (n=46)

AEDCs were asked about the biggest advantage and drawback to having a Board of Directors. From their responses, it appears the composition of these Boards varies, with some that mainly include Chief and Council and/or community members, and some that mainly include businesspeople from outside the community.

Regardless of the various models, AEDCs identify **the main advantage** of a Board of Directors to be the knowledge, experience and guidance it provides. There is specific reference to business knowledge and expertise but also to Chiefs' histories and perspectives. Other advantages include supporting good communication with the community, building relationships within and outside the community (e.g., networking), and influence and power in decision-making. A handful of AEDCs specifically reference the benefit of separating business and politics, so that business decisions are made independently of Chief and Council. The key for many was finding a balance between integrating community input and being allowed the latitude to conduct business effectively and efficiently.

"[Advantage of a Board is] guidance, direction and leadership. You get a bigger picture of what the community is doing."

"[Advantage of a Board is] local community involvement; one of our board members has connections to everything in the community."

"[Advantage of a Board is that] they can contribute effectively, it's a diverse board with different professional backgrounds."

"Diversity on the Board helps in the direction of initiatives; it creates buffer between the dev corp and First Nation and alleviates pressure on the CEO."

The main drawback to a Board of Directors relates to the sometimes-limited capacity of board members, particularly volunteers and/or community members who may lack the business knowledge or skills to operate effectively in their roles. In cases where the Chief and Council comprise board members, there is the challenge of mixing business decisions with politics. There were also a few mentions of process challenges, such as scheduling meetings among busy board members and achieving quorum. Community representatives brought to the table wide acceptance, relevance and credibility, but there was an identified need for education and training to make the fullest use of their insights and abilities. Some communities interviewed had already provided training services and accessible governance training for board members.

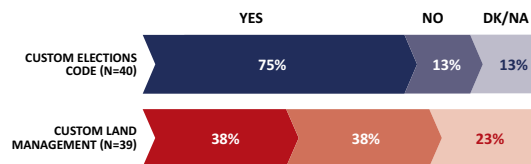
"Capacity is always an issue with a board. Capacity development is emphasized when the makeup is from the community — making them understand the opportunities and plans that are presented to them. Capacity is always an issue with community driven boards."

"It is difficult to find committed people...it scares people away because it's complex and time consuming. A voluntary board may not attract the best people."

"There is some unproductive mixing of business and politics. It's a challenge with mixing politics and business — need an arms-length from politics. Luckily they are not very involved in day-to-day operations."

CODES IN PLACE. Three-quarters have a custom elections code in place in their community, while four in ten have a custom land management act or code. Significant proportions of around one in ten and two in ten, respectively, are unsure. Among the participants interviewed, there was nearly unanimous support for custom election codes that increase Chief and Council term limits beyond two years. This was seen as a significant step toward creating business certainty. Both custom election codes and custom land management acts or codes were viewed positively by respondents and enjoyed broad-based support from both community and business leaders.

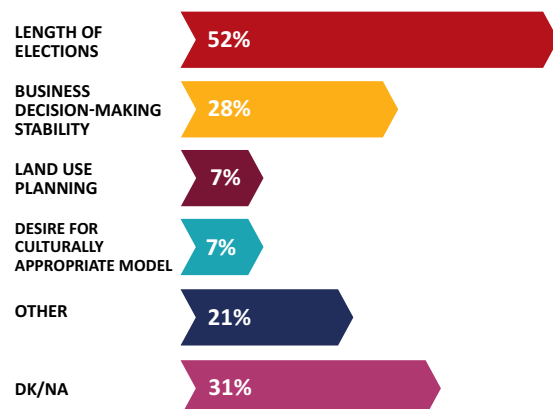
CODES IN PLACE FOR COMMUNITY



Q45. Do you currently have any of the following in place for your community? Sample: Those who answered the question

Among those with a custom elections code (n=29), the main reasons given for why the community moved away from the standard or elected governance model based on the Indian Act are length of elections (52%) and business/decision-making stability (28%).

WHY THE COMMUNITY MOVED AWAY FROM THE STANDARD OR ELECTED GOVERNANCE MODEL



Q46. We're interested in why the community moved away from the standard or elected governance model based on the Indian Act. Was there anything specific about it that was important to your community to change? Sample: Those who were asked the question (n=29) *Small sample size

Among the small number who responded to the question (n=20), a total of half (50%) believe that moving to a custom land code has improved their communities' economic development a lot (45%) or a little (5%).

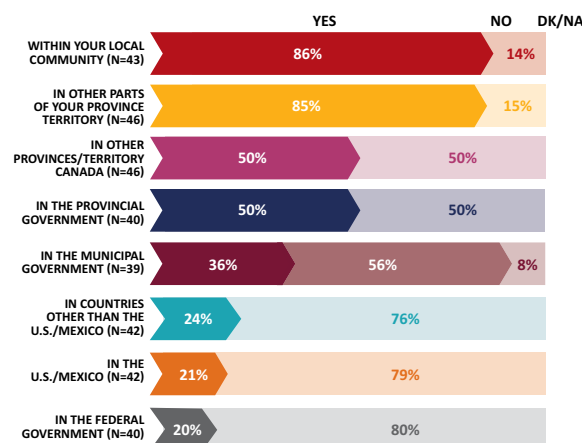
G. MARKET/CLIENT PROFILE

Most AEDCs have clients within their local community or in other parts of their province/territory in the past year, with most of the AEDC's gross sales revenue coming from these sources. AEDCs typically define success as wealth generation that allows them to provide for the community; based on this vision, almost all rate their AEDC as successful.

CLIENT BASE. More than eight in ten say that, over the past year, the AEDC had clients within their local community or in other parts of their province/territory. Half report clients in other provinces/territories in Canada or in the provincial government; and just under four in ten report municipal government clients.

Fewer report having clients in countries other than the U.S./Mexico (24%), in the U.S./Mexico (21%) or in the federal government (20%) in the past year. The lack of participation in federal supply chains, despite having capacity to take on large projects, is a cause for ongoing concern and the Federal Government must continue to look for ways to find and engage these businesses poised for success. According to CCAB's *2016 Promise and Prosperity* report, which gathered business demographic data from Indigenous privately-owned businesses nationally, half of firms surveyed have customers in other provinces and territories and substantial minorities had clients in the U.S. (25%) or other countries (17%).⁵ The export characteristics of AEDCs mirrored those of the Indigenous private sector, directing attention to the success of Indigenous trade generally.

AEDC CLIENTS IN THE PAST YEAR



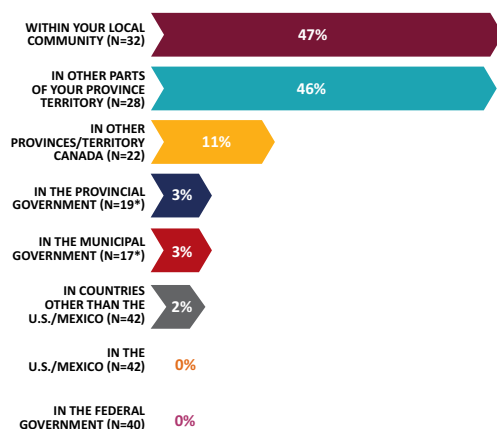
Q48. In the past year, did the AEDC have clients...? Sample: Those who answered the question

⁵ CCAB. (2016). *Promise and Prosperity: The 2016 Aboriginal Business Survey*. Retrieved from <https://www.ccab.com/wp-content/uploads/2016/10/CCAB-PP-Report-V2-SQ-Pages.pdf>

Among the very small number who report clients in countries other than U.S./Mexico (n=11), seven respondents report having clients in Asia, two each in Africa and Europe, and one each in South America and Australia. Three are unsure.

Given their client base, the highest average gross sales revenue for the past fiscal year was the result of business done within the local community (47% average) and in other parts of the province/territory (46% average). On average, 11 percent was the result of business with the provincial government; few report significant revenue coming from clients elsewhere. When AEDCs are active in local markets, more money stays in the community. Interviews made clear that development corporations fill significant gaps in community economies, leading to business growth and a boost to quality job creation for community members. Increased optimism, income and skills and knowledge created through community involvement can also flow back into the company. Local investment in the AEDC can support diversification, innovation and growth. The data exposed some of the cyclical relationships between investment in community economic development and the flow-on benefits to community. Anecdotal evidence hinted that AEDCs identifying as a start-up tend to invest less in community, but the percentage of revenue earmarked for community support grows as revenue increases and the AEDC establishes core businesses. Future research could explore the progression of the AEDC through various stages of the business lifecycle and its evolving relationship to community.

SOURCE OF AEDC'S GROSS SALES REVENUE FOR THE PAST FISCAL YEAR – MEAN PERCENTAGES



Q51. If you were to roughly estimate, what percentage of the AEDC's gross sales revenue for the past fiscal year was a result of business done with.... Sample: Those who were asked the question *Extremely small sample size

DEFINING SUCCESS. Respondents were asked how they would define success for the AEDC/what success looks like. Overall, success means economic viability and growth with the goal of providing for the community, particularly in the form of jobs/employment and skills training, but also other aspects (e.g., health care, quality of life, youth education). Responses align closely with community benchmarks for success. All demonstrate the importance placed on the community. Irrespective of where the development corporation places its priorities — whether it is focused on wealth creation, job creation or other sound objectives — the main driver is invariably to support community members, in capacity building, health, income, education and more.

"Success is having significant enough financial return to support the nation in its activities that they want to carry out."

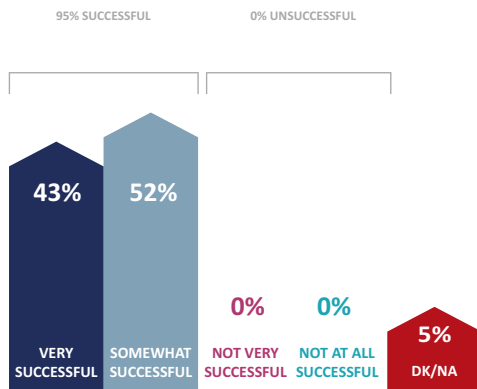
"Success for the development corporation would be running successful businesses, adding wealth to the community. When we say wealth, it's not just money — it's wealth and capacity. If we just wrote cheques we would only be partially successful; we want to write cheques and train, educate and provide jobs for the community."

"Creating value for shareholders through higher profits, jobs, increased levels of education, through actual funding to FN through dividends. The broad picture is that we lose money from federal transfers when the development corporation makes money. My goal is for us to make more money than the Federal Government gives us. It's a major hurdle for us. It makes it very difficult for us to make enough to have an impact on the FN due to the federal policy."

"We are looking to improve, grow and develop the local members. We are very focused on building capacity within the FN community; focusing on 1) Capacity building, and 2) Opportunities for capacity to be realized in the field."

Almost all give a positive rating to the AEDC's success to date, with 95 percent saying it's been very (43%) or somewhat (52%) successful. The remainder are unsure; and no one rates their AEDC as unsuccessful.

RATING OF AEDCS SUCCESS TO DATE



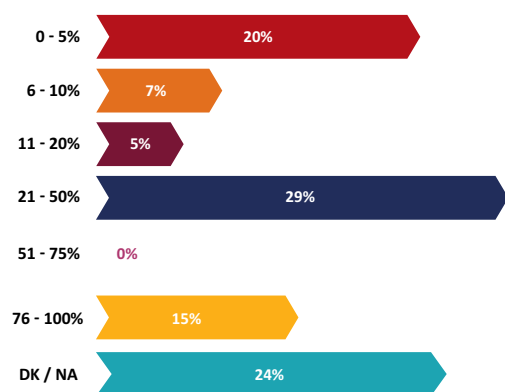
Q53. Based on your vision of success, how would you rate the AEDC's success to date? Would you say it is very, somewhat, not very, or not at all successful? Sample: Those who answered the question (n=44)

H. COMMUNITY INVESTMENT

Most report that up to 50 percent of after-tax revenue earned in the past fiscal year was invested back into the community, with the main benefits being support for digital infrastructure and employment income. The main challenges engaging the community include getting community members' attention, and then once they are aware, helping them understand the role and approach of the AEDC.

INVESTING INTO THE COMMUNITY. Most say that zero to 50 percent of after-tax revenue earned in the last fiscal year was invested back into the community, going toward such things as infrastructure development, social and business programs, etc. Three in ten respondents report between 21 and 50 percent. Fifteen percent report a range of 76 to 100 percent. One-quarter are unsure. The impact of the development corporation on community expands beyond just employment and flow-on benefits; most AEDCs interviewed also provided a percentage of revenue back into the community for infrastructure, social and cultural programs, and more.

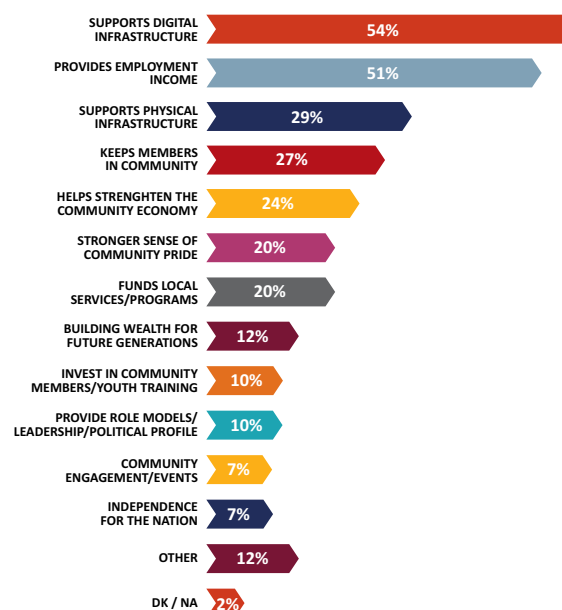
PERCENTAGE OF AFTER-TAX REVENUE INVESTED BACK INTO THE COMMUNITY



Q54. Of the after-tax revenue earned in the last fiscal year, what percentage was invested back into the community (e.g., infrastructure development, social and business programs, etc.) Sample: Those who answered the question (n=41)

AEDCs report that the main benefits to their communities are supports for digital infrastructure like Internet and broadband (54%) and employment income (51%), followed by supports for physical infrastructure like roads, bridges and airports (29%), keeping members in the community/ reducing brain drain (27%) and helping to strengthen the community economy (24%). Two in ten mention a stronger sense of community pride (20%) and one in ten point to building wealth for future generations (12%). A range of other benefits were mentioned that fall into two broad categories: support for community programs, events and initiatives (including training opportunities) and community independence, visibility and influence.

COMMUNITY BENEFITS FROM THE AEDC



Q55. What types of benefits does the community get from the operation of the AEDC? Sample: Those who answered the question (n=41)

BIGGEST CHALLENGE ENGAGING THE COMMUNITY.

AEDCs were asked about the biggest challenge when it comes to engaging their community. The two main challenges mentioned are: (a) getting community members to pay attention and become aware of the AEDC and its activities, and (b) when they do pay attention, getting them to understand what the AEDC is doing. In the latter case, a lack of understanding of the AEDC's economic goals, and how it plans to meet those goals, can negatively affect buy-in and trust. A few respondents indicated that a solution to this challenge is education. The handful of respondents who indicated they have no engagement challenges appear to have champions with strong relationships in the community who act as conduits between the community and AEDC.

"The major challenge for the community and anyone from the business side is that there is a huge learning curve. We have gone from dormant to this massive operation; we need to inform the community at a pace; some members are super involved and here every day, some are disengaged and require different levels of communication."

"Misinformation spread through social media. Also, members saying that they weren't informed, but didn't complete surveys or attend public meetings."

"Communication — we put a huge effort into marketing but still people don't pay attention; social and economic challenges of the regions; explaining to our clients and the public what we do; managing expectations. Communications is a big challenge."

"No challenges; we have a team member with strong community credibility who creates ease of engagement."

"Chief and Council does a very good job with their quarterly community meetings and are very transparent with projects and business developments."

Some development corporations, namely those operating in urban centres at a great distance from communities, face specific challenges in engaging with the community:

"Geography is our biggest challenge. Not being near the community creates problems for engagement and communication; priorities are not always aligned with business and community, sometimes things fall off the radar."



RECOMMENDATIONS

AEDCs play a unique role in connecting Indigenous Peoples, businesses, communities and governments, but many Canadians are not aware of the impact they have. These data-driven recommendations aim to help build relationships and improve business performance and strategy moving forward.

COMMUNITY AND AEDC LEADERSHIP

- 1. Understand the community vision for economic development by concretizing local needs and aspirations in a Comprehensive Community Plan (CCP).** The economic goals enshrined in the CCP should form the basis of AEDC objectives. Development corporations that align business goals with community needs have proven to be the most successful at managing priorities and expectations. Business direction and growth are enriched by that shared vision.
- 2. Implement governance protocols and policies to ensure an effective balance between competing political and business interests.** In the start-up phase, it may not be practical to maintain checks and balances through a division of power, but this can provide a strong foundation for the growth and overall prosperity of the AEDC. Good governance is essential to overall operations. With increased checks and balances, communities can ensure that Chief and Council play a role in AEDC strategies and activities but limit their involvement in daily operations. Most respondents approved a governance model best described as “noses in, fingers out.” There were notable exceptions to the rule, especially during the start-up phase when the AEDC lacked the financial or human resources to operate independently of Chief and Council. Distinct synergies between community government, AEDC leadership and community members/shareholders are bound to emerge for different communities.
- 3. Utilize the knowledge, strengths and experiences of the Board of Directors.** Board members can be a supportive intermediary between community goals and indicators and economic development goals. Choosing the right Board members is essential for building a successful business. Knowledgeable Board members can help increase understanding of the social impact of employment and business creation on AEDCs.
- 4. Increase Board of Directors and governance training for communities to reflect the growing need to manage success.** Consider training and education options for board development, including accounting and finance, strategic planning, risk management, resource development and Indigenous worldviews, environmental philosophies and cultural values. All successful AEDCs had some form of relationship with Chief and Council but this will look different for each business, region, industry, and constellation of personal qualities and experiences.
- 5. Engage early, often and on an ongoing basis to foster community support and buy-in.** To address the challenge of community member engagement, some AEDCs have been successful at building trust and clear lines of communication. Find effective ways to dialogue with Chief and Council and the broader membership. Leverage the strengths of Board members to communicate the risks and benefits of projects and business decisions.
- 6. Advocate for business relationships led by senior corporate leadership** to ensure effective communication of project and partnership needs. AEDCs are complex organizations with considerable resources at their disposal; thus, they warrant serious attention and investment by the corporate partner. More and more development corporations are dealing with non-Indigenous partners on a CEO-to-CEO level. Indigenous executives and professionals need greater representation in leadership roles or on advisory boards as a result of corporate partnerships.

CORPORATE CANADA

7. Focus attention and resources on relationship-building. IBAs, MOUs and participation agreements contribute to an atmosphere of trust but do not define it. Non-Indigenous businesses are urged to enroll in a CSR program that will help prepare organizations to work more effectively with Indigenous communities and entrepreneurs. Companies should involve Indigenous partners in high-level decision-making; procure goods and services from Indigenous-owned businesses; and provide job training and employment opportunities to Indigenous Peoples in the community. The below best practices serve as a path for corporate engagement and have implications for government procurement/policy efforts:
 - Focus on impact over formal agreements.
 - Training and capacity development as positive ways to engage communities.
 - Develop relationships at a senior level.
8. Partner early with Indigenous businesses when considering projects, set goals and track outcomes.
9. Procure goods and services from local AEDCs.
10. Share more success stories with Canadian businesses. Companies of all sizes and in all locations and industries are thirsty for knowledge when it comes to best practices, insights and trends to understand and improve Indigenous relations.

GOVERNMENT

11. Increase the procurement of AEDCs in government supply chains.
 - Set a public target of 5% across all federal departments and agencies and publicly release progress toward this goal.
 - Enforce Indigenous procurement by primary contractors throughout government supply chains. If a large contract is awarded to a non-Indigenous business, then they should be held accountable to purchase goods and services from Indigenous operators. Primary contract holders should also be responsible for tracking Indigenous spend.

12. Tailor program and funding support to larger AEDCs, as well as to support the development of good governance. Financing and business support decisions by government should ensure that businesses that operate between \$1-15 million annually — which represents almost half of all AEDCs — are considered.
13. Improve funding for job training and hiring programs for AEDCs. This will increase the training and career development of Indigenous Peoples.
14. Streamline regulatory hurdles that slow AEDC growth, such as the following:
 - Consider reducing the performance bond requirement to less than 100 percent of the contract value to attract qualified Indigenous bidders and ensure fairness in the procurement process.
 - Alternatively, offer assistance and training services to obtain the necessary bond coverage.

ALL STAKEHOLDERS

15. Leverage the capacity of AEDCs to complete local and regional projects. The focal point of business arrangements with Indigenous communities should converge on sustainable partnerships instead of one-off contracts. Encouraging supply chain participation is one way to foster meaningful, long-term partnerships.

APPENDIX: METHODOLOGY

OVERVIEW

CCAB conducted in-depth interviews with business and community leaders between May 6th and July 20th, 2018, in over 100 Indigenous communities across Canada. This is the most comprehensive research to date about on-reserve and urban Indigenous economies, and a key driver in understanding the current opportunities and challenges for Indigenous business.

According to the most accurate counts available, there are currently 634 First Nations and 51 Inuit communities in Canada, and several Métis settlements across Western Canada, including eight in Alberta. Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) recognizes

618 First Nations and has a comprehensive collection of information describing individual First Nations communities, so CIRNAC's statistics were used for the purpose of this research project.⁶ In addition, there is estimated to be approximately 500 Aboriginal Economic Development Corporations (AEDC) in Canada. AEDCs are the economic and business development arm of a First Nations, Inuit or Métis government, and are a major economic driver for Indigenous communities. These community-owned businesses invest in, own and/or manage subsidiary businesses with the goal of providing financial support to advance community interests.

RESEARCH QUESTION(S)

The purpose of the study was to gain a clearer picture of on-reserve economies across Canada. This general topic area can be distilled into a main research question:

- What drives economic prosperity in Indigenous communities and who are the agents of change involved?

With this relevant and timely research, CCAB also hopes to address a number of secondary questions:

- What impact does each economic institution have on each other and how do they contribute to the economy on reserve? Specifically, what is the relationship between governance structures and the economic arm of the community?

- How does each research grouping (community-owned businesses, development corporations, etc.) contribute to the economy and collaborate/connect with one another?
- What, if any, are the barriers to broader economic participation?
- What are the areas of growth and opportunity?
- What does success look like to community leaders? What are their goals for economic development?
- How do communities rate on self-reported measures of socioeconomic factors?
- What is the capacity of community-owned businesses?
- What are their trade and export capabilities?

6 Government of Canada. (2018). Retrieved from <https://www.aadnc-aandc.gc.ca/eng/1523286391452/1523286414623>

RESPONDENTS

To ensure the validity of the data, CCAB used a triangulation method to map out the on-reserve economy by understanding it from various relevant perspectives. CCAB conducted two separate surveys for a total of 94 in-person interviews, and an additional 7 phone interviews.

- 49 interviews were conducted using the AEDC Survey with C-level executives at Aboriginal Economic Development Corporations

- 46 interviews were conducted using the Community Profile Survey with Chief and Council, economic development officers (EDO), or other community administration.

Recruiting the right research respondents for the AEDC Survey depended on the presence of an AEDC or economic development arm in the community. It must be noted that some communities have one or more development corporations while others have none. CCAB made every effort to conduct both the AEDC and Community Profile surveys in each community, but this overlap seldom occurred due to the availability of respondents.



IDENTIFYING GEOGRAPHY OF RESPONDENTS AND ESTIMATED SAMPLE SIZE

We employed a quota sampling method to ensure data was gathered from a representative sample of Indigenous communities. The sample was segmented into ten regions defined by the Assembly of First Nations: British Columbia, Alberta, Manitoba, Saskatchewan, Ontario, Quebec, New Brunswick/PEI, Nova Scotia/Newfoundland, Labrador/Northwest Territories/Nunavut and Yukon.

Regional quotas were developed by dividing the total number of Indigenous communities within a specified region by the total number of Indigenous communities nationally. The resulting percentages represented goals for the appropriate number of completed interviews in each region. Thus, the geographic distribution of respondents is representative of the distribution of Indigenous communities, not population, in Canada. The survey was closed when quotas were achieved to the best of the research team's ability, given time and resource limitations. The sample set was supplemented with additional phone interviews where completions were below desired (quota) levels.

To ensure geographic dispersion within regions, CCAB took a "hub" approach. Regional hubs, such as large or capital cities, were selected based on the number and proximity of First Nations, Métis and Inuit communities in the surrounding region. This was the most effective and efficient approach to meet our predefined quotas. Regions with a larger proportion of Indigenous communities (e.g., British Columbia, Alberta, Ontario and Quebec) were divided into North, South and sometimes Central subregions to reflect regional diversity.

For example, in order to meet quotas for British Columbia, CCAB traveled through St. Rupert in Northern BC and Victoria in Southern BC and conducted interviews as a series of "spokes" that connected outlying points to these central "hubs." The regional hub approach generated eight interviews in communities adjacent to St. Rupert and 14 adjacent to Victoria.

In regions where we either did not have the capacity or were unable to access rural and fly-in communities, CCAB instead interviewed rural community representatives while they were in urban centres. Regional quotas reflected the density of local Indigenous communities and were used to guide where CCAB selected regional hubs. In addition to quotas, cost and time were important considerations in the selection of regional hubs. CCAB developed internal targets to determine the greatest number of community visits possible to optimize our time and budget in the field.

GEOGRAPHIC DISTRIBUTION

AFN REGIONS	A. NUMBER OF FIRST NATIONS COMMUNITIES	B. PERCENTAGE OF FIRST NATIONS COMMUNITIES IN CANADA (X/618*100)	C. QUOTA (B*100)	D. COMPLETED AEDC SURVEY	E. COMPLETED COMMUNITY PROFILE SURVEY	F. COMPLETED AFI SURVEY ⁷
BRITISH COLUMBIA	198	32.03%	32	10	12	1
ALBERTA	45	7.28%	7	5	2	0
SASKATCHEWAN	70	11.32%	11	11	3	2
MANITOBA	63	10.19%	10	2	3	0
ONTARIO⁸	126	20.38%	20	8	11	4
QUÉBEC⁹	40	6.47%	6	4	7	1
ATLANTIC	34	5.50%	6	4	4	2
NORTHWEST TERRITORIES	26	4.20%	4	2	0	1
YUKON	16	2.59%	3	5	3	0
TOTAL	618	99.96%	99	49	45	10

7 A survey of Aboriginal Financial Institutions (AFI) was conducted in parallel to the National Perspectives project to further explain the richness and complexity of the information provided by communities and development corporations. AFIs include three types of organizations: Aboriginal Capital Corporations (ACC), Aboriginal Community Futures Development Corporations (ACFDC), and Aboriginal Developmental Lenders (ADL). Fifty-four organizations in almost every province and territory comprise the universe of AFIs. When the AFI Survey is included, CCAB conducted a total of 108 interviews across Canada.

8 2 AEDC Surveys and 1 CP Survey in Ontario were omitted.

9 1 CP Survey in Québec was omitted.

REMOTENESS AND COMMUNITY SIZE

AFN REGIONS	URBAN (ZONE 1)	RURAL (ZONES 2 AND 3)	REMOTE (ZONE 4)	SMALL (<300)	MEDIUM (300-1499)	LARGE (>1,500)
BRITISH COLUMBIA	12.80%	14.42%	5.02%	4.21%	5.83%	22.17%
ALBERTA	2.76%	4.05%	0.49%	3.88%	3.40%	0%
SASKATCHEWAN	1.62%	9.24%	0.49%	14.47%	3.56%	0.32%
MANITOBA	0.81%	17.51%	3.24%	11.64%	3.72%	0.49%
ONTARIO	5.19%	10.05%	5.19%	5.99%	12.46%	1.94%
QUÉBEC	2.59%	2.92%	0.97%	3.24%	3.24%	0.16%
NEWFOUNDLAND AND LABRADOR	0.16%	0.16%	0.32%	0.49%	0.16%	0%
NOVA SCOTIA	1.46%	0.64%	0%	0.81%	1.13%	0.16%
PRINCE EDWARD ISLAND	0.16%	0.16%	0%	0%	0.32%	0%
NEW BRUNSWICK	1.62%	0.81%	0%	0.65%	1.29%	0.49%
NORTHWEST TERRITORIES	0.97%	1.13%	2.11%	0.32%	2.75%	1.13%
YUKON	0.32%	1.78%	0.16%	0%	1.78%	0.49%
TOTAL	188	318	111	204	245	169

The CCAB research team crafted a questionnaire module in consultation with the World Council for City Data to answer some of the current research questions. The questionnaire contained both quantitative and qualitative components. Close-ended quantitative questions provided baseline values for social and economic indicators, while open-ended qualitative questions provided an in-depth understanding of the ways economic agents and institutions conceptualize, perform and manage their day-to-day activities.



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