

ABORIGINAL ECONOMIC DEVELOPMENT CORPORATION CAPACITY

This report demonstrates the capacity, sophistication, and experience of AEDCs and their impact on Indigenous prosperity.

In addition to CCAB's *2016 Promise and Prosperity* findings on Indigenous privately-owned businesses, the data demonstrate the potential for AEDCs to be strong community partners and suppliers for non-Indigenous businesses and governments.

ABORIGINAL ECONOMIC DEVELOPMENT CORPORATIONS

AEDCs are the economic and business development arm of a First Nations, Métis or Inuit 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.

METHODOLOGY

This report presents the results of 49 in person or telephone interviews with AEDC leadership in First Nations, Inuit and Métis communities across Canada. The questionnaire addressed a variety of topics for the businesses owned and operated by the AEDC including partnerships, client base, capacity and current projects.

KEY FINDINGS

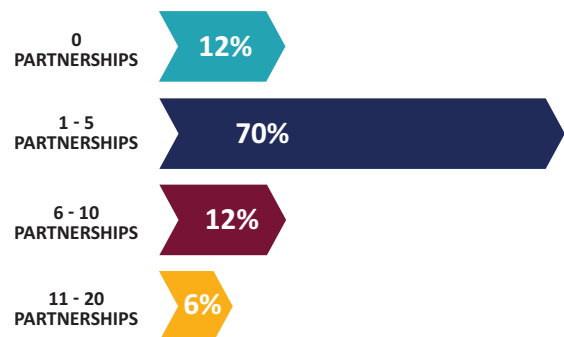
GROWING SUCCESS.

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 roughly four in five (81%) predict an increase in profitability over the next five years. Nearly half (49%) operate between 1 and 5 subsidiary business.

ARRANGING PARTNERSHIPS.

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. Seven in ten (70%) have formed between 1 and 5 corporate partnerships. Slightly less than half (43%) say 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. In roughly one-third (34%) of partnerships, the CEO serves as the critical point of contact for the AEDC.

NUMBER OF CURRENT CORPORATE PARTNERSHIPS



MEAN = 3

KEY FINDINGS

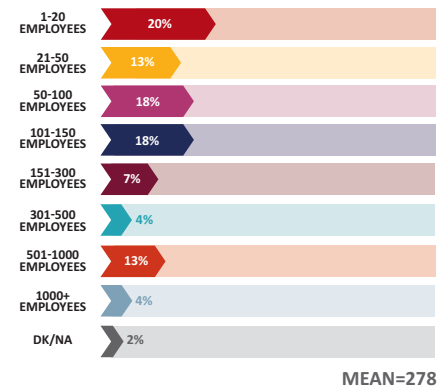
ACHIEVING SELF-RELIANCE.

The majority of AEDCs rely on own source revenue for their ongoing operations. One-third (31%) say the AEDC could constructively invest a financing amount of between 1 and 5 million dollars annually to support growth and expansion. AEDCs apply for funding through Federal programs above all other sources (67%).

PROVIDING EMPLOYMENT.

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 a large portion (69%) reporting one to 150 employees. This represents a total of 12,220 jobs across all 45 AEDCs interviewed.

NUMBER OF EMPLOYEES WORKING FOR AEDC AND SUBSIDIARIES



DEVELOPING GOOD GOVERNANCE.

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 as the knowledge, experience and guidance it provides. The main drawback of a board relates to the sometimes limited capacity of board members, particularly volunteers and/or community members who may lack the business acumen to operate effectively in their roles.

TARGETING LARGER PROJECTS.

Of the subsidiary businesses, over three-quarters (76%) have completed projects over \$150,000 with an estimated average of over \$15M in gross sales revenue in the past fiscal year.

RECOMMENDATIONS AND NEXT STEPS

1. Increase procurement from AEDCs in government supply chains, using public and non-public procurement, set-asides, inclusive initiatives, and tracking and reporting.
2. Set a public target of 5% across all federal departments and agencies and publicly release progress towards this goal.
3. Enforce Indigenous procurement by primary contractors. If a large contract is awarded to a non-Indigenous business, then they should be held accountable to purchase goods and services from Indigenous businesses. Primary contractors should also be responsible for tracking Indigenous spend.
4. Tailor program and funding support to larger AEDCs and the development of good governance. Financing and business support decisions by government should ensure that Indigenous businesses that operate between \$1-15M annually—representing almost half of all AEDCs—are considered.
5. Expand funding for skills training and hiring programs for AEDCs, as this can improve the career development of Indigenous Peoples and help fulfil AEDCs' goals for Indigenous participation at every level.
6. 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.