

# A better way for Canada to bridge the infrastructure gap with First Nations

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The COVID-19 pandemic shines a spotlight on a stark reality as cases mount and emergency measures such as isolation tents are deployed in some First Nations communities. Many Indigenous people live in overcrowded conditions that more easily spread the virus and must travel far from their homes to receive health care services that most Canadians take for granted.

The lack of decent housing and community health care are symptoms of the yawning infrastructure gap that exists between First Nations and the rest of Canada.

According to the Canadian Council for Public-Private Partnerships, it would cost \$30-billion to provide First Nations with the same level of infrastructure that the rest of Canada enjoys. This includes not only health facilities, but also schools, community centres, roads, water and sewage treatment, green energy, housing, connectivity and projects that bring revenue to First Nations communities.

Our non-profit First Nations-run institution, called the First Nations Finance Authority (FNFA) is doing its part to bridge the gap. Created by an Act of Parliament in 2005, FNFA just passed a historical milestone by breaking through the \$1-billion mark in loans to First Nations to help finance economic and social development projects. A \$250-million loan from FNFA to the Mi'kmaq First Nations Coalition to purchase offshore fishing licenses is a crucial part of the \$1-billion proposed acquisition of Nova Scotia's Clearwater Seafoods announced earlier this month.

These loans, which are fully supported by First Nations' own self-generated revenue streams, have created more than 10,000 jobs and improved the quality of life for many more. FNFA recently earned an upgrade from credit rating agency Moody's Investors Service, and the Governor-General's Award (2018) for financial innovation.

However, FNFA could be doing so much more to build infrastructure on First Nations lands by working with Canada to adopt a concept we are calling monetization as an alternative to the federal government's current "pay as you go" funding approach.

Monetization would use an existing borrowing model to activate new infrastructure funding by leveraging each annual Canadian government dollar into 18 infrastructure

dollars. It is math, not magic, and is based on the tried and true financing methods that allow provinces and municipalities to build infrastructure.

Using this approach, First Nations would present critical community projects to the federal government for approval. Once the green light is given, the FNFA would fund the capital cost of these projects at low rates, while Canada would commit to paying the annual loan service costs.

For example, a 20-year annual federal commitment of \$10-million could generate \$180-million of critical infrastructure now to improve the health and well-being of First Nations communities, with the economic stimulus also benefiting all Canadians.

\$100-million in annual funding over that same 20-year timeline could build 7,500 new homes, with construction beginning as early as next spring. This would have a huge impact given that a recent study showed 118,500 Indigenous households were living in substandard housing. It would also create at least 15,000 jobs over the period.

Another benefit we have emphasized in discussions with the federal government is that Ottawa through FNFA can negotiate contractual agreements to ensure that the infrastructure would be maintained by First Nations over the life of the projects.

No legislative changes are needed to conduct a pilot project to test the feasibility of monetization. We have First Nations standing by with more than \$1-billion in projects that are shovel-ready. Think of the thousands of jobs that would be created as we build health care centres, schools and economic development infrastructure by activating the multiplier effect of this strategy.

As the Canadian government prepares its next budget, monetization is a policy that deserves serious consideration to stretch new Indigenous infrastructure dollars much further.

It could kickstart a COVID-19 comeback by unleashing potentially billions of dollars to fund a construction boom that will not only benefit First Nations, but all Canadians who feel the economic devastation of the pandemic.

The National Indigenous Economic Development Board estimates that closing the productivity gap between Indigenous and non-Indigenous Canadians would lead to an annual increase of \$27.7-billion in Canada's GDP.

True reconciliation will come when First Nations have removed the barriers imposed by the Indian Act to become self-governing and self-sustaining and when Indigenous peoples have access to the same quality of life as the rest of Canada.

We cannot continue to do things the same way and expect different results. Monetization is a better way to get there.