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Budget 2023: Key Highlights for Indigenous Communities, Businesses, and Project Proponents

David How, Mackenzie Hayden, Jeremy Barretto

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Introduction

On March 28, 2023, the federal government tabled Budget 2023: A Made-In-Canada Plan.

Budget 2023 contains investments in Indigenous priorities over three main areas: Indigenous economic participation; support for Indigenous governance, capacity, and participation in decision making; and investments in Indigenous communities.

Reconciliation and nation-to-nation co-operation continue to be significant government priorities, all of which are reflected in Budget 2023.

Budget 2023 proposes \$4.1 billion over five years to Indigenous priorities with \$1 billion committed in fiscal year 2023-2024 but Budget 2023 represents one of the smallest investments of new money to Indigenous priorities from the Trudeau government. This reduction in spending may be an attempt to present Budget 2023 as a “fiscally responsible” budget to ease the strain on the federal government’s fiscal position.

Below is a summary of key highlights for Indigenous priorities proposed in Budget 2023.

Indigenous Economic Participation

Indigenous Economic Reconciliation Framework

Budget 2023 proposes to provide \$5 million in 2023-24 to ISC to support the co-development of an economic reconciliation framework with Indigenous partners that will increase economic opportunities for Indigenous Peoples, communities, and businesses.

Supporting Indigenous Economic Participation in Major Projects

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Budget 2023 proposes to provide \$8.7 million in 2023-24 to Natural Resources Canada (NRCan) to support deeper engagements with Indigenous partners towards the development of the National Benefits-Sharing Framework. The federal government will continue to explore, through engagement on the National Benefits-Sharing Framework, additional federal supports to increase access to capital for Indigenous groups to invest in major resource projects.

Budget 2023 also announced the Canada Infrastructure Bank will provide loans to Indigenous communities to support them in purchasing equity positions in infrastructure projects in which the Infrastructure Bank is investing. These loans will be sourced from the Canada Infrastructure Bank's existing funding envelope.

Economic Opportunities on First Nation Lands

In December 2022, the *Framework Agreement on First Nation Land Management Act* received Royal Assent, repealing the *First Nations Land Management Act* and further empowering First Nations to exercise their jurisdiction by opting out of *Indian Act* provisions related to land management.

Budget 2023 proposes to provide \$30 million over five years, starting in 2023-24, to ISC to enhance the Reserve Land and Environment Management Program, ensuring First Nations can develop capacity to exercise increased responsibility over their lands, resources, and environment.

Budget 2023 also proposes to provide \$35.3 million over three years, starting in 2023-24, to CIRNAC and NRCan to co-develop, with the Lands Advisory Board, a new First Nations-led National Land Registry that will provide communities in First Nation Land Management with more opportunities to realize the economic benefits arising from local control over their lands.

To read more about recent changes to First Nations Land Management in Canada, read our recent legal update.

Supporting Indigenous Governance, Capacity, and Participation in Decision-Making

Supporting Indigenous Governance and Capacity

Budget 2023 proposes to provide \$76.3 million in 2023-24 to Indigenous Services Canada (ISC) to continue to support the administrative capacity of First Nations governments and tribal councils delivering critical programs and services to their members.

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Increasing Indigenous Participation in Northern Environmental Decision-Making

Budget 2023 proposes to provide \$19.4 million over five years, starting in 2023-24, to Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) for the Northern Participant Funding Program to increase the participation of Indigenous Peoples and other Northerners in environmental and regulatory assessments of major projects.

Budget 2023 also proposes to provide \$1.6 million over two years, starting in 2023-24, to the Canadian Northern Economic Development Agency for the Northern Projects Management Office to increase capacity for federal participation in environmental assessments and consultation with Indigenous communities on major projects in the territories.

Advancing Self-Determination of Métis Communities

While not supported by additional funding commitments, through Budget 2023, the federal government has committed to continuing this work with Métis governments to conclude self-government treaties.

Budget 2023 recognizes the significant progress made with Métis communities towards nation-to-nation relationships. In February 2023, the Minister of Crown-Indigenous Relations signed updated Self-Government Recognition and Implementation Agreements with the Métis Nation of Alberta, the Métis Nation–Saskatchewan, and the Métis Nation of Ontario. These agreements, in addition to an agreement signed with the Manitoba Métis Federation in July 2021, formally recognize each Métis partner as the representative government of the Métis Nation in their respective provinces, with jurisdiction over core governance and other internal matters.

Tax Arrangements with Indigenous Governments

No new funding related to Indigenous tax arrangements was proposed in Budget 2023.

Budget 2023 commits the government to continued efforts in negotiating mutually beneficial tax agreements with interested Indigenous governments. Budget 2023 re-commits the federal government to negotiating a voluntary fuel, alcohol, cannabis, and tobacco (FACT) sales tax framework to provide a new, flexible option for interested Indigenous governments to exercise tax jurisdiction within their reserves or settlement lands.

Investing in Indigenous Communities

Budget 2023 proposes a number of investments to support Indigenous communities including:

- Supporting Indigenous health priorities by providing funding to support medical travel and to maintain medically necessary services including mental health services, dental and vision care, and medications and funding to reduce rates of tuberculosis in Inuit communities.
- Supporting safe and affordable housing. Since 2015, the federal government has committed \$6.7 billion to support First Nations, Inuit, and Métis housing, including in self-governing and modern treaty communities. Budget 2023 did not provide for any funding for other Indigenous infrastructure projects.
- Implementing the National Action Plan to end the tragedy of missing and murdered Indigenous women and girls. Budget 2023 proposes to provide, among other things, funding to enhance victim services, support Indigenous led projects for safer communities, and establish an oversight mechanism to monitor and report on the progress of implementation of the action plan. Individuals impacted by the issue of Missing and Murdered Indigenous Women and Girls who need assistance are encouraged to contact the MMIWG Crisis Line toll-free at 1-844-413-6649.
- Supporting Indigenous children by committing the federal government to work with Indigenous partners on long-term reforms for child welfare, and to support community-led solutions to reduce the number of children in care and to keep children and youth connected to their families, their communities, and their culture.
- Providing \$171 million in 2022-23 to ISC to ensure First Nations children continue to receive the support they need through Jordan's Principle.
- Providing \$2.8 billion as part of the Gottfriedson Band Class settlement, to establish a trust to support healing, wellness, education, heritage, language, and commemoration activities for those impacted by Indian Residential Schools. Thomas Isaac, Chair of the Aboriginal Law Group at Cassels, served as the Minister's Special Representative for the Minister of Crown-Indigenous Relations in the settlement discussions of the Gottfriedson matter. For more information on this settlement, read our earlier legal update. The National Indian Residential School Crisis Line provides 24-hour crisis support to former Indian Residential School students and their families toll-free at 1-866-925-4419.

Implications for Indigenous Communities, Businesses and Project Proponents

Budget 2023 provides significant funding for Indigenous priorities. Indigenous Nations and businesses should be aware of the opportunities available to benefit from greater participation in decision making and the opportunity to create lasting community benefits through investments in major projects. Budget 2023 also provides an opportunity for Indigenous nations and businesses to work together to leverage the

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economic potential of lands and resources.

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