

# Understanding Indigenous Economic Development in Northern, Rural, and Remote Settings:

## *Frameworks for Change*

**April 2011**

Greg Halseth, Julia Schwamborn, Ray Gerow, and Tor Gjertsen  
Editors



**Workshop November 24-25, 2010**

**Community Development Institute, UNBC**



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Moreover, we thank the presenters and chapter authors for sharing their experiences and expertise and furthering the dialogue and information sharing between different entities involved in Indigenous economic and community development. Finally, thank you to the workshop participants for engaging in productive discussions and contributing various angles to the issues of Indigenous economic development in northern, rural, and remote areas. Thank you also to Laura Ryser for assistance in the editing process of this volume.

Greg Halseth, Julia Schwamborn, Ray Gerow, and Tor Gjertsen

April 2011

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## Preface

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As part of its work with the University of the Arctic's Thematic Network on Local and Regional Development, UNBC's Community Development Institute (CDI) and the Prince George Aboriginal Business and Community Development Centre jointly hosted the "Understanding Indigenous Economic Development in Northern, Rural, and Remote Settings" workshop. The goal was to produce a rich dialogue that could enhance our understanding of key barriers and opportunities related to successful indigenous economic development both on-reserve and in urban Aboriginal communities.

Speakers and observers were invited from around BC, Canada, and Norway. The workshop brought together thirty-one individuals, institutions, academics, and practitioners who are actively involved in indigenous economic development in the North, and three of the University of the Arctic's Thematic Networks – Local and Regional Development, Northern Governance, and Northern Tourism – were represented.

In this volume, workshop participants identify and challenge the framework of current indigenous economic development, point out key barriers to successful development, and address actions and supports needed to achieve change.

Greg Halseth  
Julia Schwamborn  
Ray Gerow  
Tor Gjertsen

Prince George  
April 2011

## List of Workshop Participants

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### First Nations Government and Representatives

Name	Title	Affiliation
Dominic Frederick	Chief Councillor	Lheidli T'enneh
Derek Orr	Chief Councillor	McLeod Lake Indian Band
John Disney	Economic Development Officer	Village of Old Masset
Ray Gerow	CEO	Prince George Aboriginal Business and Community Development Centre
Vince Prince	Coordinator, Young Warriors	Nak'azdli First Nation

### Local and Provincial Government

Name	Title	Affiliation
Dan Rogers	Mayor	City of Prince George
Leslie Lax	Regional Project Manager, Cariboo	Ministry of Community, Sport, and Cultural Development
Ted Williams	Project Manager, Economics and Innovative Partnerships Branch	Ministry of Finance

### Associations and Councils

Name	Title	Affiliation
Roy Spooner	President	Prince George Chamber of Commerce
Clint Fraser	Marketing Director	Northern BC Tourism
Keith Henry	CEO	Aboriginal Tourism Association of BC
Susan Hubbard	Regional Media Relations Representative	Northern BC Tourism
Susan Stearns	General Manager	Fraser Fort George Community Futures

### Research Institutions

Name	Title	Affiliation
George Iwama	President	University of Northern BC
Jim McDonald	Chair, Board of Governors	University of the Arctic

John Curry	Associate Professor, Environmental Planning	University of Northern BC
Han Donker	Associate Professor, School of Business	University of Northern BC
Tor Gjertsen	Associate Professor	Finnmark University College
Greg Halseth	Professor, Geography; Canada Research Chair Rural and Small Town Studies; Director, Community Development Institute	University of Northern BC
Diana Kutzner	Computer Assisted Telephone Interview Laboratory Manager	University of Northern BC
Pat Maher	Associate Professor, Outdoor Recreation and Tourism Management	University of Northern BC
Don Manson	Coordinator, Community Development Institute	University of Northern BC
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Arvid Viken	Professor	Finnmark University College
Gary Wilson	Associate Professor, Political Science	University of Northern BC

## 1.0 Governance and Economic Development

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### 1.1 Urban Aboriginal Governance

Ray Gerow

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Community Development Centre  
Co-Director, Urban Aboriginal Economic  
Development Network  
Wet'suwet'en, Burns Lake Band, Bear Clan

This chapter is directed at creating an interest and initiating a conversation around the topic of urban Aboriginal governance. After introducing definitions of urban Aboriginal governance and the need for establishing such governance, I will discuss how it can further economic development and how the lack of urban Aboriginal governance translates to lost economic opportunities for urban Aboriginal communities.

Urban governance, and in particular urban Aboriginal governance, has been addressed at many levels of government and community organization for some time. There is no easy solution to creating a functioning system of governance for Aboriginal communities in urban settings, and the topic seems to scare people off.

Some of the reasons why there is no easy solution lie in the characteristics and needs of urban Aboriginal communities. Elected First Nations leaders claim equal representation of on- and off-reserve membership. However, in reality, this seems impossible. Given the range of issues facing the on-reserve population, it is unrealistic to expect leaders to successfully address all on-reserve problems, let alone place appropriate focus on the off-reserve population's issues and needs in an urban context.

The provincial and federal governments need to engage Aboriginal communities in policy-making processes but seem to lack an approach that includes and truly represents the wide range of community members. Instead, they consult with elected leaders and provincial and



national Aboriginal organizations, the majority of which are directly or indirectly linked to land-based First Nations and, therefore, do not include the voice of the urban Aboriginal population. This leads to a situation where the provincial and federal governments spend a majority of their Aboriginal-related efforts on policies that impact a minority of the Aboriginal population.

Attempts to address or include urban Aboriginal people often lead to urban Aboriginal service organizations and Friendship Centres as points of contact. Therefore, right now, the Aboriginal voice that is heard in urban centres is that of the service organizations. However, these are not always the correct voice to be heard as service providers are tactical organizations that have to focus on their own work and clientele but not necessarily on the interests of the entire community. They deal with very specific issues, such as crisis control or securing contracts. These are certainly important issues, but they are not necessarily the voice of the entire people. As a result, the image of Aboriginal people created in mainstream society is deficit-based and leads to general assumptions, for example, that Aboriginal people are all homeless or have addictions. We, therefore, need to find a way to make all urban Aboriginal voices heard, including the ones in need of help but also the urban Aboriginal middle and upper class.

There is a counterargument in favour of Aboriginal organizations as representation of the urban Aboriginal population. It holds that they have their feet on the ground and, therefore, truly reflect the people, their situation, and their needs. It is true that they are close to the people, but they address a narrow spectrum of our citizens. We need to create something that includes the voice of the other citizens that have not been heard.

The Urban Aboriginal Strategy (UAS) history in Prince George is an example of how a broad spectrum of the urban Aboriginal community could have been effectively engaged and heard but were ultimately discouraged by strong service provider interests. The opening forum was well attended by a wide range of urban Aboriginal community members and non-Aboriginal Prince George residents. It was a phenomenal experience for many as it was the first time that a forum offered Aboriginal people a voice in public. It generated healthy discussions with a focus on the future and on long-term strategies and visions. Instead of debating how to finance small-scale emergency services, attendees discussed how to eliminate the need for such services in a longer timeframe. However, service organizations, whose duty is to focus, for example, on small-scale emergency services and to generate the necessary funding for their operations, recognized a funding opportunity in the UAS and gradually took control of it. This development discouraged other community members, and valuable ideas, opinions, visions, connections, and human resources of Prince George's urban Aboriginal community were lost to the UAS. As a result, the UAS did not develop into a strategy reflecting and benefiting the entire community but was limited to a source of short-term funding for narrowly defined services. This example is not meant to criticize organizations and their work but the system which lets organizations with specific, short-term service interests and limited mandates control a strategy that had potential to involve and reflect the entire community and to form a long-term strategic vision. There is a need for a solution that engages the entire community and allows the entire community to be heard.

Urban Aboriginal organizations often dislike discussions about governance in an urban community context because each organization plays a specific role in a community and follows and fulfills a certain mandate. The integration of such organizations into a wider governance structure is perceived as a threat to individual organizations' decision-making powers in their service domains and their access to funding. Therefore, urban Aboriginal service organizations tend to avoid large cooperative structures. Talking about urban Aboriginal governance does not mean talking about a grand chief and council of Prince George, but rather governance in the sense of how we as urban Aboriginal people govern our day-to-day affairs; how we ensure that our entire population has a voice in what is happening in our community; and how we ensure that the voice heard really represents the entire community. Governance is the engagement of the entire community.

The question is, how does this loose concept of governance relate to Aboriginal economic development in an urban context?

Interesting aspects of engaging with academics and policy-makers in the Urban Aboriginal Economic Development (UAED) Network are the insights from different angles. One of these insights was the deficit-based image of urban Aboriginal people fostered by an unbalanced representation of the urban Aboriginal population. This image is not supportive of Aboriginal economic development. In Prince George, there is a lot of potential for economic development in the Aboriginal community, but partnerships are not formed because mainstream business people and investors assume that the Aboriginal people are 'not ready yet'. Another obstacle for building partnerships is the lack of a known point of contact or protocol of contact facilitating dialogue between industries and investors on the one hand and members of the Aboriginal community on the other.

Due to a lack of conversation and dialogue, many opportunities have been lost. Therefore, we need to establish governance in the sense of engaging in conversations and creating dialogue with the right people at the right levels. Right now, the engagement of the Aboriginal community in Prince George is problematic. At this point, when an economic endeavour is undertaken, some time into the project the initiators realize that they neglected to engage the Aboriginal community. In some cases, funding bodies remark upon a lack of Aboriginal involvement in a proposal, and funds are held until Aboriginal involvement is established. The applicant, in many cases, then approaches the Aboriginal community and asks someone to sign off on an existing proposal. This is not true engagement and is unacceptable. The community needs to be involved in the initial planning process in order to establish a common effort and truly tap into the urban Aboriginal resource. We cannot be full and active participants in the economy if we continue to be an afterthought!

This is where governance plays a role in urban Aboriginal economic development. Creating conversation, dialogue, and points of contact is where true engagement begins. It is not easy to find a solution, but the requirement for governance needs to be addressed. We need to find a

way to create a point of contact and a conversation which enables governments and industries alike to engage the Aboriginal community, which ensures that the Aboriginal voice reflects the entire community, and which uses the full potential of the Aboriginal community in policy-making and economic project planning. Only if the entire community is heard, a policy can be directed at and useful to all members of the community. If a wider range of voices is heard, governments must realize that policies need the flexibility to be adapted to different situations. Our society needs to be truly inclusive so that anyone who chooses to get involved can be engaged in political or economic conversations.

### ***General Discussion Points from Workshop Participants***

Several questions, issues, and additional comments were brought up during the discussion.

- How does a policy-maker or business person know who to contact in the Aboriginal community?

If a policy-maker or business person knows one member of an Aboriginal community, that member can be a bridge gradually introducing more members of the community to more actors in the local economy. But politicians and investors should be prepared to do more research and invest more effort into establishing connections with the Aboriginal community. Locate Aboriginal businesses and find Aboriginal professionals or individuals interested in business connections. Mainstream society seems to be afraid of Aboriginal people because of political issues and the past. They are afraid of the unknown and choose not to reach out.

The Aboriginal Business and Community Development Centre (ABDC) has tried to play that role of point of contact, but other service organizations perceived this as a threat. The lesson learned from this is that overly formalized approaches create suspicion and lack acceptance in the urban Aboriginal community. Structures are vulnerable to politics, influence, and personal interests. Therefore, I suggest a slow and steady effort aimed at informal conversation to open doors. We have to try to avoid problems that originate in Aboriginal people's suspicion of mainstream structures and find different solutions that work for urban Aboriginal communities today.

Generally, governance in the form of dialogue is about creating informal connections, engaging in conversations, participating in events and meetings to create opportunities for networking, and being informed about business opportunities and projects. The extreme under-representation of the Aboriginal community at functions in Prince George is telling. Aboriginal people need to network and use every chance to be actively included in the business community. The non-Aboriginal business community needs to extend invitations and make an effort to include the Aboriginal community. My challenge to every official and every business

person in Prince George is that every time they do or plan something, they should reach out to an Aboriginal person in the community. Such an approach promises great productivity.

- Would it not be better to have an elected body or individual to direct economic and community development efforts?

For years, I have tried to find an elective system that seemed promising for Prince George's urban Aboriginal community, and every time I thought I had found one, there seemed to be a danger of creating division in the community as opposed to cohesion and solidarity. Most Aboriginal people did not use elective systems prior to European influence, and their societies, traditions, obligations of solidarity, and concepts of leadership do not support systems of elected leadership. The Elders in Prince George are an example of a more suitable solution to urban Aboriginal governance. They realized that they needed to unite in order to create commonality and support and fulfill their roles as Elders in the community. The ABDC invited the entire community to assist them with setting up a system for the Elders to organize themselves. The outcome was the All Nations Elders Counsel. Once the body was put in place, the Elders deliberated on how to elect and nominate positions. In the end, they decided against an elective system of representation and created an open counsel instead, where the term 'counsel' was chosen purposely to express the nature of the organization. The absence of nominations and elections eliminates accusations of favouritism and misrepresentation. Whoever shows up at a meeting is the counsel. This depoliticized format seems to work well and demonstrates that governance does not have to mean an elected body; it can be a form of communication or conversation. The All Nations Elders Counsel represents a wide range of community members, many are Aboriginal, some are non-Aboriginal, and others are young people who are interested in interacting with Elders.

We need to get comfortable with using informal processes. The Elders have created a process of directing people who approach them. Elders' meetings are divided into three sessions, one of which is an invitation to community members who would like to approach the Elders or the community – this coincides with the traditional Elder role as the go-to body of a community. Maybe we need to market that opportunity more effectively through various networks to make people aware of the opportunity.

- To what extent are the issue of governance and the lack of conversation contextual to Prince George or British Columbia?

Several workshop participants remarked on the differences between eastern Canada and British Columbia. Some communities in the east reportedly show great degrees of cooperation and interaction between Aboriginal and non-Aboriginal community members. Aboriginal people in Canada's east have longer experience in interacting with non-Aboriginal people and their policies, attitudes, and informal networks are at times a lot more advanced than in British

Columbia. Differences in community size and especially differences in community history play a role in their systems of governance and interaction. Prince George is a relatively young melting pot where out of roughly 10,000 Aboriginal people less than 1,000 are from this exact region (Lheidli T'enneh). There is no long history of working together and of working with non-Aboriginal people. Urban governance can and should be used as unifying tool to support cohesion, cooperation, and interaction.

- Aboriginal values should be integrated in both urban Aboriginal governance and mainstream procedures.

One comment of workshop participants was that Aboriginal and non-Aboriginal people are not or should not be two different groups anymore. There has been interaction for some time now and we need more acceptance of relationships and building bridges. For example, why doesn't the Chamber of Commerce take on an Aboriginal protocol by including recognition of the Lheidli T'enneh as host in this area? We need to share more of the Aboriginal protocol. Why should mainstream society not accept some Aboriginal traditions that have helped shape Aboriginal life for a long time? Why do Aboriginal traditions have to be added on as afterthoughts and only as results of strenuous efforts?

There is a lack of recognition of knowledge that is based on many years of experience and on information that has been passed on over generations. There is also a lack of respect for Aboriginal opinions and reasoning. Aboriginal society is structured differently and mainstream often does not understand or accept these differences.

One tradition that should be recognized and integrated into urban Aboriginal governance is the seventh generation principle. Usually, it is interpreted as looking forward and planning for seven generations. A different way of reading it is that the seven generation rule starts with oneself and goes back three and forward three generations. This means bringing three generations of knowledge to the table and using it for long-term sustainable decisions to care for the next three generations. Urban service organizations are led away from that principle because they (are forced to) fight for funding whenever it becomes available.

- Closing Comments

This discussion emphasizes the critical role governance as dialogue plays in relationships and in facilitating Aboriginal participation in the economy. Two important aspects stand out. First, the Aboriginal community needs processes of governance for a wider voice. Second, relationship building and linkages are crucial in the important challenge of getting to know each other. We need to move to a comfort zone where meetings, dialogues, and events are attended equally by both Aboriginal and non-Aboriginal people and are truly reflecting the communities.

## 1.0 Governance and Economic Development

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### 1.2 Indigenous Corporate Governance in the Canadian Arctic

Gary N. Wilson

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#### ***Introduction***

I would like to share some of my research and experience in the Canadian Arctic and generate a discussion about different models of economic development in Aboriginal communities in rural, remote, and northern locations.

The terms governance, corporate governance, and indigenous corporate governance are the backdrop to a case study on the Makivik Corporation, an economic development corporation in Nunavik, a region in the northern part of the province of Québec. In this chapter, I will introduce the terminology and the historical development of *indigenous corporate governance*. Makivik is considered one of the success stories of Canadian Aboriginal economic development. Therefore, I will elaborate on some of the opportunities and challenges of governance and self-government for Makivik and for Nunavik.

#### ***Background***

Thinking about governance from a political science perspective focuses our attention on the relationship between *governance* and *government*. The term *governance* has become popularized by “its capacity – unlike the narrower term government – to cover the whole range

of institutions and relationships involved in the process of governing” (Pierre and Peters 2000), 1). This distinction is particularly relevant to indigenous communities in the Canadian Arctic where we often find a lot of organizations that do not fit into the narrow definition of government but which are still involved in self-government at regional, community, and other levels. The term *governance*, therefore, offers an inclusive meaning that is very useful in this context. Indeed, it is applicable to some of the very innovative structures that we see emerging in the Canadian Arctic and in other parts of Canada.

The term *corporate governance* can be defined as the practices, principles, and values that guide a company and its business, both in its daily operations and at all levels of the organization. It also includes the set of rules and relations that outline a company’s administrative and ownership structure, and its relationship with the broader society in which it is embedded. Traditionally, corporations have been responsible to shareholders in the company, the ‘citizens’ of the corporate world. This is still true today. Yet, increasingly, we are also seeing corporations trying to be ‘good corporate citizens’, a focus that goes beyond serving the needs of the individual shareholders and includes consideration of the needs of entire communities.

The term *indigenous corporate governance* (ICG) has additional connotations. ICG is defined as the broad management of economic, political, and socio-cultural assets of a community or region. It is not only about the principles and practices of governing indigenous corporations but also about their interactions with the communities they represent. This leads to the consideration of notions of how to build linkages between organizations and communities. Such linkages or relationships are manifestations of a greater sense of responsibility towards the community.

When we think about the historical evolution of ICG in the Canadian Arctic, we see its beginnings in the emergence of the cooperative movement. Starting in the 1950s, many cooperatives or small enterprises providing goods and services were created in small Arctic communities. These cooperatives were initiated by the federal government to create job opportunities and economic development with the idea that the Inuit inhabitants of these communities would eventually control and take them over. They not only provided recently created Inuit communities with much needed goods and services, but also allowed Inuit to develop capacity in the management of economic enterprises.

Today, many indigenous corporations are located in Inuit regions and they have very unique relationships with the communities they represent. They have emerged as a result of the series of land claim agreements that have been signed since the 1970s, and they serve the economic, socio-cultural, and political interests of the communities. This underlines the idea of ICG having a direct link with the community beyond economic or financial parameters.

## ***Makivik Corporation and Nunavik***

Makivik Corporation was established in Nunavik in 1978 as a result of the James Bay and Northern Quebec Agreement (JBNQA). This agreement was the first ‘modern treaty’ and was signed by representatives of the Nunavik Inuit and the federal and Québec governments in 1975. Nunavik is one of four Inuit regions in the Canadian Arctic and is located in northern Québec. The four Inuit regions of the Canadian Arctic – the Inuvialuit Settlement Region (in the Northwest Territories), Nunavut, Nunatsiavut (in Labrador), and Nunavik – are part of an Inuit homeland which spans much of the Circumpolar North from Russia to Greenland. These regions have varying degrees of autonomy and self-government and are represented in international forums such as the Arctic Council by an organization called the Inuit Circumpolar Council. This makes it an interesting set of regions to study in the context of this volume. Nunavik is comprised of fifteen small communities, which are home to approximately 11,000 people. It is currently negotiating a new form of public self-government for the region, on which I will elaborate in more detail later on in this chapter.

The term Makivik means “rise up” in Inuktitut. Over time, it has built a great deal of capacity for the region by managing various enterprises and conducting economic development in the North. This capacity will serve the region well in a new phase of self-government. The JBNQA created a number of entities in the 1970s, including the Makivik Corporation, a school board (Kativik School Board), a health board (Nunavik Board of Health and Social Services), and a regional government (Kativik Regional Government). Since then, Inuit have been directly involved in all aspects of regional governance, not only political but also economic and socio-cultural.

Over three decades, Makivik has become a leader within Canada and the world in successfully combining Aboriginal rights, political negotiation and business acumen into successful business and economic initiatives that contribute to the national, provincial and regional economies. (Makivik Corporation 2010)

The quote, although coming from Makivik itself and not necessarily objective, expresses the strengths and capacities that have developed over a number of years. Makivik has been a key player in local capacity building over the last three decades, including corporate management and administration. This private, not-for-profit economic development corporation is owned by the Inuit beneficiaries to the JBNQA. As such it constitutes an ethnically-based form of governance with a mandate to represent the interests of the Inuit of Nunavik. The structure of Makivik is very formal, as opposed to the informal governance models referred to in the previous chapter by Gerow. In certain respects, Makivik looks like a typical corporation with an executive committee of five members; a Board of Directors consisting of 16 representatives, one from each of the communities and a youth representative; and three governors, who are Inuit Elders, incorporated into the organizational structure. All individuals are elected for a term of three years by the Inuit beneficiaries of the JBNQA. This structure, therefore, has clear links to the broader community.



## ***The Corporate Responsibilities of Makivik***

There are three main responsibilities that distinguish Makivik. Clearly, economic and financial responsibilities are central to the corporation's activities of managing funds obtained from the JBNQA and subsequent land claim agreements. It provides employment opportunities to the Inuit living in Nunavik and has a combination of both wholly owned companies and joint ventures, which make up a diverse portfolio of businesses. An interesting aspect is that, while Makivik is first and foremost seeking to manage businesses in a way that provides profits and employment to the region, it also seeks to include companies in its portfolio that are capable of servicing the region. For example, Makivik owns two airlines which service all the communities in Nunavik and constitute a central part of the transportation infrastructure of the region. Furthermore, it has showed an interest in Arctic shipping, which is important for providing supplies to the Nunavik. In short, Makivik is looking for companies that are stable and profitable but also for companies that match the interests, needs, and living conditions of the region.

In addition to the economic responsibilities, Makivik has a very important socio-cultural role. Over the years, it has sought to become involved in matters like improved housing, which is a very pressing need in the region. It has also been involved in education through its membership in the University of the Arctic and is looking into furthering educational opportunities for young Inuit students in Nunavik by collaborating with the school board. Moreover, it has a mandate of protecting Inuit language and culture. All of these activities go beyond the usual functions and responsibilities of a typical corporation and are expressions of Makivik's close connection to the community.

Beyond these economic and socio-cultural responsibilities, Makivik has also become a very important political actor. It has represented Nunavik in self-government negotiations that have been ongoing with the federal and provincial governments since 2000. Nunavik is currently moving towards a public form of self-government which combines the various existing governance entities mentioned above into a single government structure for the region. In 2007, Makivik signed an Agreement in Principle with the federal and provincial governments on a new form of amalgamated regional government (Wilson 2008). Once this government structure is ratified in a final agreement and established, the regional, provincial, and federal governments will move on to negotiate more responsibilities and the devolution of powers.

Makivik, therefore, sees itself as a multifaceted actor with the traditional corporate roles and responsibilities but also roles and responsibilities that reach far beyond economic development and business management. This makes Makivik very interesting in the context of economic development and governance in northern, rural, and remote indigenous communities. It is important to keep in mind, though, that multiple roles can also be potentially problematic.

For example, it will be interesting to see what will happen after the amalgamation takes place, as there will be two different governance entities: on the one hand, an ethnically based governance structure organized around Makivik, which is responsible for the Inuit beneficiaries

of the JBNQA; and on the other hand, a public governance entity with a democratic mandate, elected by and responsible to all residents of Nunavik. Given the fact that Makivik has played such an important political role over the last decade, including promoting and pursuing the idea of self-government and representing Nunavik in self-government negotiations, it remains to be seen how they will define their role after amalgamation. Will the corporation move away from its political role and limit its responsibilities to economic and socio-cultural development? Or will it continue to see itself as a political actor and will that challenge the new public government in its new political role?

Other Inuit regions might provide indicators as to how such a relationship between two governing entities will work. Nunavut has experienced a degree of tension in the relationship between ethnically-based Nunavut Tunngavik Incorporated (NTI) and publicly-based territorial governance (Mifflin 2009). At the same time, agreements signed between the territorial government and NTI suggest that the two are committed to working together (Iqqanaijaqatigiit 2004). The future will show how Nunavik handles a structure based on two conceptions of governance. For now, however, the Makivik Corporation remains an interesting example of ICG and the potential roles of ICG entities in communities and beyond.

### ***General Discussion Points from Workshop Participants***

The discussion following this presentation focused mainly on clarifying the characteristics of the Makivik Corporation in the context of using it as an example to learn from and an approach that may be applicable to other communities and regions. The negotiation of treaties, settlements, and self-government arrangements expected in the near future for many indigenous communities will lead to a need for entities like Makivik to manage a nation's funds, and there will be benefits in studying and learning from existing examples.

- **Corporate Structure**

Makivik's decentralized corporate structure ensures representation from all communities on the Board of Directors. Therefore, if Makivik chooses to invest in the infrastructure of a certain community, this decision has to be made and backed by all community representatives. No information about participation levels, such as voter turnout, was available, but given the relatively small sizes of the various Nunavik communities, the representation ratio on the Makivik Board of Directors indicates a solid mandate with an average of one representative for less than seven hundred community members.

Another structural matter brought up in the discussion was the separation of politics and business management. One opinion was that politics can hardly ever be kept completely out of the business management of community corporations. It was also stressed, however, that communities and their corporations or other organizations with key roles in their society should

always aim to separate politics and business management and should have a base model to refer back to. In this context, it was furthermore suggested that examples and studies from the United States, in particular the Harvard Project on American Indian Economic Development, could be helpful for developing models to achieve the desired separation, developing frameworks to measure levels of separation, or comparing structures to determine advantages and disadvantages.

Other regions, for example Nunavut, feature umbrella corporations with regional sub-corporations. In Nunavik, Makivik Corporation is the only entity of its kind.

- Funding

Makivik's original operating capital was settlement funds from the JBNQA and subsequent land claim agreements. Such a comparatively large starting fund is not necessarily available to every indigenous community or development corporation and may be seen as an advantage for Makivik. It was, however, stressed that, independent of the amount of initial funding, the focus should be on sustainable management of funds and independent wealth creation. With sustainable financial and business management, funds should grow over time, eliminating concerns about a community or region's financial situation at a time when settlement funds run out.

- Wealth Generation

It is important for indigenous communities to generate their own wealth. Sustainable financial and business management and the ideal model of wealth generation in the case of Makivik means that the businesses which are managed by Makivik provide employment and income to Inuit community members and, at the same time, generate revenue which flows back to the corporation. Therefore, the term *not-for-profit* is somewhat misleading. However, Makivik generates these revenues from its businesses for community member services and benefits (e.g. housing and education) as well as further economic development and investments.

Makivik publishes annual reports, which provide performance assessments through a Makivik lens. Overall, the corporation gives the impression of a well managed entity; however, concrete financial information or independent studies of Makivik profitability, sustainability, and potential subsidizing practices were not available for this discussion.

- Responsibilities and Mandate

In comparison with the James Bay Cree, who take a more political approach, Makivik was found to appear more economically successful. The Cree seem to depend on external funding to a

considerably higher degree. In this context, it is important to compare the structures and models of community governance. The Cree have a grand council as their main governance entity. This form of representation focuses on political and socio-cultural responsibilities, whereas corporations like Makivik introduce a strong economic focus and responsibility. Both entities have a legitimate community mandate, and Nunavik will have both kinds of entities in the future. It remains to be seen how overlapping responsibilities and mandates are managed or if, maybe, overlaps will be eliminated by clearly outlined and redefined responsibilities.

- Concrete Economic Responsibilities

The concrete activities and tasks that outline the economic responsibilities and roles of Makivik include: economic development proposals, investments, and strategies; management of a variety of businesses; diversification through investments in transportation, fur business, and socio-cultural development; and building economic connections and collaboration. Such networking is important because umbrella organizations like the Inuit Circumpolar Council increasingly connect the various Inuit regions around the Circumpolar North and facilitate collaboration in many areas. One example of cooperation in the North, as mentioned in this discussion, is the collaborative management of two adjacent protected areas: one a national park, the other a provincial park.

- Issues

While Makivik is an instructive example of good corporate governance, including sustainable financial and business management and a broad economic, social, and political mandate, it encounters tensions, disputes, and conflicts with other levels of governance and with communities, and is subject to wider economic contexts. One example of discontent is that some members of a commission in charge of creating a strategy for Nunavik's future in 2000 expressed concern that Makivik was playing too big and important a role in the region. This issue might be closely linked to the issue of separation of powers mentioned above under 'Corporate Structure'.

- Closing Comments on Indigenous Governance

Indigenous governance in general is often more advanced than mainstream in the integration of community development for more successful economic and social development. Governance from an Aboriginal perspective means a wide focus in order to have an effective impact. A specific focus in governance brings limitations and leads away from holistic approaches. In order to ensure that the focus is wide enough to allow effective governance in indigenous communities, community development aspects should be integrated into

indigenous organizations and governance entities. Makivik seems to feature a strong community development mandate, which has potential to make it effective in its operations.

The Aboriginal concept of governance goes beyond mandates, bylaws, and regulations – you do what is right. Having an impact means helping someone who needs help, furthering someone’s progress, and making things happen within one’s power. We can do what is right and then create policies around that instead of hiding behind policies and being restricted to narrow structures. This creates healthier communities and organizations. It is, however, important to keep in mind comprehensive strategies and benefits, such as long-term sustainability, stable employment opportunities, independence, and holistic community development.

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## 2.0 Aboriginal Tourism

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### 2.1 Aboriginal Tourism Demand in Northern British Columbia

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This chapter is based on my thesis research, which examined the demand for Aboriginal tourism in northern British Columbia. An overview of the Aboriginal tourism market in general is provided before focusing more specifically on Aboriginal tourism potential, interests, and barriers in northern British Columbia.

#### ***Background***

Before going into the tourism content, I would like to provide clarification on the central terminology. *Aboriginal tourism* refers to Aboriginal people providing tourism experiences and services to tourists, who may be Aboriginal or non-Aboriginal. Furthermore, there will be frequent references to *target markets*. A target market is defined in general as one or more specific groups of potential consumers towards whom an organization directs its marketing efforts. A specifically defined target market in regards to Aboriginal tourism describes a group of people who are most likely to buy an Aboriginal tourism product or service.

Tourism in Canada is a \$55 billion per year industry, in which Canadians account for the majority (70%) of total tourism revenues. Most recently, the 2010 Olympics presented a unique opportunity to Canada's First Nations to allow the world to catch a glimpse of their unique cultures. Over the last decade, the Canadian Tourism Commission and Aboriginal Tourism Canada have documented a growing demand and interest by tourist markets for

Aboriginal cultural tourism. In 2000, the Canadian Aboriginal tourism industry comprised 1,200 to 1,500 businesses and provided employment for approximately 14,000 to 16,000 people, half of whom were seasonal employees. The industry has been estimated to have the potential to provide at least 30,000 to 40,000 jobs and \$1.6 billion revenue (Doucette 2000). To date, Aboriginal tourism development in Canada falls short of its potential.

According to Aboriginal Tourism Canada, the most promising opportunities for Aboriginal tourism development are tied to travellers from North America, select locations in Europe, and some countries in the Asia-Pacific region. It should be noted that some studies have described the potential for Aboriginal tourism in the European market to be particularly promising. Culture and heritage experiences pique the interest of two-thirds of UK buyers as well as travellers from Germany, Switzerland, and France. Culture and heritage travellers belong to a mature age group, are well educated, and feature medium to high income, which suggests that these travellers have more disposable income and an increased willingness to spend money on tourist experiences and products.

The question is why Aboriginal tourism falls short of its potential and how it can be increased and improved to fully take advantage of travellers' interests.

One of the main barriers to Aboriginal tourism development is a shortage of information about the types of experiences, activities, and topics visitors are interested in as well as the way in which these experiences can or should occur. Although various tourism organizations have collected information on the Aboriginal tourism-interested traveller, there is a lack of understanding of traveller preferences regarding Aboriginal tourism products. Up to this point, Aboriginal tourism businesses have basically developed their products based on trial and error. This strategy has often been successful; however, it cannot be expected to be effective enough as the market becomes increasingly competitive.

My thesis research attempted to begin closing this knowledge gap in order to provide Aboriginal tourism operators with better insight on what types of products they may want to develop and which target markets to focus on. Putting these findings into context, the question is how this information applies to northern British Columbia. As northern communities have a need for economic diversification in the face of the downturn of the forestry industry, tourism has great potential and has been shown to be a tool providing economic, social, cultural, environmental, and other development benefits. The First Nation I was able to work with during my thesis work, Tl'azt'en First Nation, is a prime example as they heavily relied on the employment generated by local mills in Ft. St. James in the past and are in need of other economic opportunities. In the search for new economic development avenues, tourism development is being explored further.

It is worth noting that there appears to be a positive correlation between attraction to the outdoors and travelling to Canada's North. For example, there were 3.6 million outdoor visitors in Canada in 1999, and 1.1 million of these were considered "high yield" travellers – or

travellers who preferably stay in roofed accommodation and thus spend more money while travelling. Providing an idea of how this impacts northern British Columbia, or north-western Canada, an estimated 314,000 of these high yield tourists travelled to western Canada's North.

This market is of particular interest to tourism establishments in the North, as these outdoor visitors spent about \$12 billion in the communities they visited, and about \$6.5 billion of this pool was spent by the high yield travellers in this segment. These travellers are also most motivated to travel to remote locations in the North and willing to spend their budget on overnight accommodations as well as outdoor-related activities.

Recently, Aboriginal tourism has seen a push for development from several tourism organizations in British Columbia. However, most of the development so far has been concentrated on the southern areas of this province. Southern British Columbia has an advantage over the North as the South already has a tourism infrastructure in place, which facilitates further development to a great extent. The rural and remote communities in northern British Columbia are not only missing a network of collaboratively working organizations, but are also facing challenges regarding tourist access to remotely located points of attraction.

### ***My Study***

To gain a better understanding of visitor interests in Aboriginal tourism in northern British Columbia, this study, which was part of the Community-University Research Alliance between Tl'azt'en First Nation and the University of Northern British Columbia, pursued two objectives:

- To identify tourists' preferred Aboriginal tourism products and product features; and
- To identify potential target markets.

Potential points of tourist attraction in Tl'azt'en territory include:

- Pictographs or rock paintings on the north shore of Stuart Lake,
- Several cabins on Tezzeron Lake, and
- Some reconstructed traditional pit houses.

In addition, the area of Stuart Lake is very scenic and includes the Fort St. James National Historic Site at Stuart Lake, which is operated by Parks Canada. There are also a number of fishing and hunting lodges in the surrounding area. However, overall the tourism infrastructure of the area is very limited and would need significant expansion in order to sustain tourism.

Our methodology of researching visitors' interest in Aboriginal tourism was based on the development of a three-part questionnaire that inquired about:



- Visitors' preferred features of Aboriginal tourism products such as activities, topics, and experiences;
- Visitors' interest in four potential products; and
- Their preference for the nature of an Aboriginal tourism experience.

At the time of the study, Tl'azt'en First Nation was not offering any tourism products, but since we wanted to move past the stage of product research in the form of simply asking what attributes or features of Aboriginal tourism visitors are interested in, we worked together with Tl'azt'en community members to create written descriptions of four potential tourism products for the first part of the questionnaire.

The second part contained three lists, dividing thirty-one features of Aboriginal tourism products that have been highlighted by previous research as visitor preferred features of Aboriginal tourism experiences into categories labelled *activities*, *topics*, and *experiences*. In the third part, we included a list of eight features related to the nature of an Aboriginal experience.

There were 337 visitors at the Visitor Information Centre in Prince George who responded to the survey throughout the summer of 2007. The resulting sample fits in with the generally described profile of the culturally interested mature traveller with higher education and middle to upper income levels. Some general data and information characterizing our sample includes:

- 61% had previously visited northern British Columbia.
- On average, they spent 12 days in northern British Columbia.
- The sample was skewed towards older respondents with 64.2% being 45 years or older.
- 54% featured higher education.
- The majority came from North America: Canada 36%; USA 20%; Europe 33% (primarily Germany and UK).
- Adult couples were the dominant form of travel party.

We asked visitors to rank the lists of features on a scale from one (not at all interested) to five (very interested). Respondents consistently ranked features related to the natural environment first. However, when considered in regards to the ranking scale, it becomes obvious that, even though of secondary interest, Aboriginal cultural features still ranked high. The average ranking of approximately four, as shown in Table 1, indicates that these features were of considerable interest to the majority of visitors.

**Table 1 Preferred Product Features**

<i>Activities</i>	<b>Mean</b>	<b>Std. deviation</b>
Woodcarving	3.98	0.993
Collecting edible plants	3.90	0.990
Outdoor survival	3.90	0.973
<b><i>Topics</i></b>		
Animal and plant life of the region	4.09	0.834
Stories and legends of Aboriginal culture	4.00	0.893
Aboriginal history post-European contact	3.95	0.891
<b><i>Experiences</i></b>		
Taking photos of scenic landscapes or wildlife	4.06	0.904
Demonstrations by artisans of artefacts	3.86	0.876
Aboriginal drumming and dance performances	3.82	1.145

Source: Kutzner Presentation (November 2010).

To determine whether previous experience with Aboriginal tourism increased the interest in Aboriginal tourism products, we tested respondents' previous levels of experience with Aboriginal tourism in Canada. We found that previous experience was positively correlated with their interest in more in-depth Aboriginal tourism experiences. Data showed that higher interest in the two products with a primarily cultural focus was expressed by respondents who had experienced Aboriginal tourism products in the past. The previous experiences that led to this increased interest included having purchased Aboriginal arts or crafts, attended an Aboriginal performance, or similar experiences.

This finding may be interpreted as a sign that visitors need some type of introductory encounter with Aboriginal culture in order to engage in in-depth cultural experiences. Examples of such in-depth cultural experiences are ones that last over several days and require the traveller to travel to a remote location as well as experiences which offer interaction with community members.

When Aboriginal people offer tourism products, this creates a space for interaction between the Aboriginal hosts and their guests. In studies of Aboriginal tourism, the amount of interaction sought by tourists remains somewhat unclear. Therefore, in this study, we wanted to explore visitors’ enthusiasm for:

- Actively participating in Aboriginal cultural activities,
- Their preferred level of contact with their Aboriginal hosts, and
- Their preferred activity level and focus of experience.

To find out how much interaction visitors were seeking, we created a scale ranging from non-interactive items to interactive items. Visitors were asked to indicate on a scale from one to five which they preferred. Looking at the first item at the top of Table 2, it appears that the majority of visitors would prefer an interactive as opposed to a non-interactive experience. This seems to be confirmed by the last two items at the bottom of the table, where 34% prefer a guided tour and 41% prefer the opportunity to have one-on-one conversations with Aboriginal people. However, when looking at the individual items, we found that visitors were reluctant to participate in certain activities. For instance, in regards to arts and crafts, 27% indicated a wish to participate, while 40% preferred watching.

These findings coincide with other research, some of which finds that tourists seek opportunities to learn directly from Aboriginal people about their culture, while a number of studies conclude that tourists often consume Aboriginal tourism in a rather superficial manner.

**Table 2 Nature of Experience**

Non-interactive	Interactive
Relaxed and observational (15%)	Active and involved (36%)
See how arts and crafts are made (40%)	Make arts and crafts yourself (27%)

See drumming and dancing (50%)	Participate in drumming and dancing (22%)
Explore cultural exhibits (32%)	Participate in daily activities of traditional Aboriginal life (30%)
Self-guided experience (18%)	Guided tour (34%)
Casually speak with Aboriginal hosts (19%)	Opportunity to have one-on-one conversations with Aboriginal hosts (41%)

Source: Kutzner Presentation (November 2010).

This analysis provides a general profile of the potential Aboriginal tourism target market for Aboriginal tourism products in northern British Columbia. The main characteristics include the following:

- The majority belongs to a mature age group (over 45 years).
- Travellers of the target market tend to have higher education.
- The majority comes from North America.
- Despite ranking Aboriginal culture second in an interest ranking, almost 50% of the sample indicated considerable interest.
- Prior experience of Aboriginal culture increases interest in Aboriginal tourism products.
- Travellers want interactive experiences but are somewhat reluctant to participate actively in certain activities.

After establishing this profile, we took our analysis one step further. Studies in consumer behaviour and marketing have found that lifestyle information from research into visitors' activities, interests, and opinions can develop a better, more in-depth understanding of a consumer base (Plummer 1974; Vyncke 2002). While some macro-level psychographic information has been documented in reports on Aboriginal tourism currently available in British Columbia and elsewhere, there remain questions regarding the depth of interest in Aboriginal tourism as well as the experiences in demand (Notzke 2006). As a result, we conducted a cluster analysis of visitors' interest in topics and activities of Aboriginal tourism in our sample. The cluster analysis resulted in three distinct clusters, or market segments, which were labelled according to their primary interests:

- The Culture Seekers ( $n = 88$ ),
- The Nature-Culture Observers ( $n = 144$ ), and

- The Sightseers ( $n = 32$ ).

Each cluster was examined based on their socio-demographic and travel behaviour variables, their level of prior experience with Aboriginal tourism, and their preference for the nature of an Aboriginal tourism experience. Clusters differ significantly from each other regarding respondent origin, age, primary purpose of travel, and composition of travel party.

The *Culture Seekers* show the highest interest of all in Aboriginal cultural tourism experiences. Members of this group demonstrate the greatest level of interest in learning about Aboriginal ways of living off the land, Aboriginal stories and legends, traditional food, outdoor survival, collecting edible plants, and traditional cooking. They are furthermore interested in staying overnight in traditional Aboriginal housing and participating in a cultural camp over several days. The Culture Seekers consist primarily of visitors from Canada, followed by visitors from Europe and the USA. In summary:

- They have an average of three previous Aboriginal cultural experiences.
- There is a market for culture focused products.
- It should not be neglected that nature still plays a role in product appeal.
- A high percentage of this cluster consists of Canadian travellers.

The *Nature-Culture Observers* are interested in a variety of Aboriginal topics, including traditional food, collecting edible plants, learning about flora and fauna, learning about Aboriginal ways of living off the land, Aboriginal history and current life, as well as Aboriginal belief systems, and stories and legends. Compared to the Culture Seekers, they appear to have a greater interest in features related to nature. They show, however, no interest in multi-day camps or features of Aboriginal tourism products requiring more active participation. In summary:

- This group has a broad range of interests but prefers non-interactive experiences.
- They have an average of two previous experiences of Aboriginal tourism in Canada.
- They appear to match the 'dual-track' market.
- Nature-Culture Observers may best be targeted with a mixed nature-culture product.

The *Sightseers* form the smallest of the three clusters. It comprises those travellers who rank preferences for all Aboriginal tourism product features the lowest. This group is mainly interested in taking pictures of scenic landscapes, but does not express any interest in more in-depth experiences such as overnight stays in traditional Aboriginal housing or multi-day cultural camps nor in participating in any kind of hands-on activity. Their response to the remaining features addressed in the questionnaire is neutral. This group may need an introductory experience to create an interest in experiencing and understanding Aboriginal culture.

## ***Implications***

Based on the results of this research, there clearly is an interest in Aboriginal tourism by travellers to northern British Columbia, although there remain many challenges for remote and rural First Nation communities who are looking to develop tourism products. When considering the development of tourism and assessing the potential for success, northern and rural communities will have to assess carefully which types of products they are comfortable offering to tourists. For example, for a nation that is looking to share their culture with tourists, the most promising marketing opportunities of the three market segments described above appear to be the Culture Seekers and the Nature-Culture Observers. Both of these segments exhibit interest in a variety of Aboriginal tourism product features as well as the four potential products tested in our questionnaire. The Culture Seekers appear to be an attractive segment to target with a product that provides a more in-depth Aboriginal tourism experience, potentially lasting for a whole day or longer. This market also appears to consist of a majority of domestic travellers, which may be more easily reached through local marketing tools such as radio advertising. However, this segment is smaller in size than the Nature-Culture Observers and may not be as lucrative. On the other hand, due to their strong interest in Aboriginal culture, the Culture Seekers may be more willing to travel greater distances to experience Aboriginal culture. Communities who are aiming to developing products for this group have to be aware of and comfortable with close contact with tourists.

The Nature-Culture Observers, in comparison, appear to be a great market for communities that are looking to offer value-added products such as nature experiences with a cultural component. Their broad interest in Aboriginal tourism features would allow for the development of a variety of products in order to appeal to as many travellers in this segment as possible. However, this segment appears to prefer brief experiences of Aboriginal culture and also tends to include many older travellers. This necessitates offering higher standards of convenience, including comfortable, roofed accommodation and shorter travelling distances. The Nature-Culture Observers also include a high percentage of European travellers necessitating the use of different marketing channels such as travel agencies.

Of all three clusters, the Sightseers are the smallest and least promising market segment resulting from our research. Although this group may be attracted by chance to introductory type tourism ventures and through products targeted specifically at families travelling with children, our general impression is that the Sightseers are a segment requiring intensive marketing and rather introductory type experiences, such as an Aboriginal cultural centre.

## ***Summary***

Summarizing the findings and results of our study, the key barriers to development are:

- A lack of information on visitors' interests and product demands,

- Balancing communities' needs with tourist interests, and
- A lack of infrastructure.

Yet, Aboriginal tourism development promises various economic, social, cultural, and environmental benefits to Aboriginal communities. In contrast to other studies, we found that:

- The Canadian market for Aboriginal culture may be larger than presumed,
- A portion of travellers in the North fit the 'dual track' market,
- Prior experience with Aboriginal tourism may foster interest for more, and
- There may be a niche market for family products.

As a result, our recommendations (some of which are underway) include:

- Starting to collect more detailed information – visitor information centres are working on including more Aboriginal tourism-oriented questions in their questionnaires;
- More collaborative work among communities and Aboriginal Tourism BC (ATBC) – a key piece in this puzzle that ATBC has been working on intensively;
- Making communities aware of the need to find a balance in determining what they want to offer to tourists; and
- Clarifying that it is important to recognize and accept that some products may be inappropriate or uncomfortable for some communities, who should then look for alternatives.

### ***General Discussion Points from Workshop Participants***

The following brief discussion largely focused on clarification of the sample and on findings and availability of other studies with respect to Aboriginal tourism.

- Do you have information on the origins of cluster groups?

As Table 3 shows, a majority of Culture Seekers is of Canadian origin. The biggest group of the same origin among the Nature-Culture Observers was European, which did not come as a surprise because Europeans are known to appreciate Canada, and particularly British Columbia, for the natural environment and experience. The Sightseers segment did not feature a weighting in terms of origins but was more distinguished in terms of age group data as the oldest cluster of the three.

**Table 3 Socio-demographic Information of Clusters**

Variable	Culture Seekers (n = 88)	Nature-Culture Observers (n = 144)	Sightseers (n = 32)
<b>Origin<sup>a</sup></b>	%	%	%
Majority Canadian	<b>54</b>	30	36
USA	16	26	25
Europe	25	<b>40</b>	32
<b>Age<sup>a</sup></b>			
Oldest (55+)	29	34	<b>49</b>

<sup>a</sup>Chi-square indicated significant differences, p<0.05

Source: Kutzner Presentation (November 2010).

- You mentioned an Asian-Pacific market. What role does it play in Aboriginal tourism?

This market segment seems to be more interested in urban experiences as opposed to the natural environment or culture and was not featured to a significant degree in our sample. Therefore, it does not appear to be a key market for Aboriginal tourism in northern British Columbia.

- Is there information in this study or in others about how much money tourists spend on Aboriginal tourism products?

This study was not designed to test price points of products. Results of price point studies, especially when based on hypothetical products, are not necessarily representative as people may be more prone to state that they would pay a certain price for a product but, when actually faced with the real product and the expense, are somewhat more reluctant to pay that price. Because of the difficulty of evaluating price points of product ideas, price point variables were not included in this study, but a price point study could be a next step for this study group. Once Tl'azt'en First Nation has developed tourism products, they could test the price point of particular products. As for general data on tourist spending in Aboriginal tourism,



ideas and hypotheses exist. Keith Henry will be addressing some of these issues in the following chapter.

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## 2.0 Aboriginal Tourism

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### 2.2 Aboriginal Tourism Association of BC: Our 2010 Olympic Legacies

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This chapter will introduce AtBC and its role and activities in developing Aboriginal tourism in British Columbia (BC). Some of the market research – conducted in collaboration with the BC Ministry of Tourism, Trade, and Investment and with the Canadian Tourism Commission – will expand on Kutzner’s chapter and will show the growth of Aboriginal tourism, particularly in BC. Recent developments hint at a far greater business and investment potential in the Aboriginal tourism sector than is currently being taken advantage of. Furthermore, this chapter sets out to demonstrate how AtBC embraced the 2010 Winter Olympic Games in Vancouver (the Games) and the impact of the Games on the industry. The Aboriginal tourism industry, as it is right now, features only a fraction of the range of opportunities that will present themselves to Aboriginal communities in the near future.

#### ***Aboriginal Tourism in BC***

Between 2005 and 2009, Aboriginal tourism in BC has experienced a 67% increase. It constitutes the fastest growing tourism sector. While other sectors of the tourism industry have not been quite as stable as expected, Aboriginal tourism in BC has gone from \$20 million in 2005 to \$38 million in 2009. Projections for 2012 expect annual Aboriginal tourism revenues to increase to at least \$45 million.

BC is leading in the development of Aboriginal tourism and in providing market-ready Aboriginal products in Canada. Despite the economic challenges of the last two years, tourism is becoming an increasingly important sector for BC; as a \$10 billion industry, it is the third to fourth largest sector in this province. Interest in Aboriginal products, particularly among tourists in BC, has grown to one in four visitors to BC who seek out an Aboriginal tourism experience.

### **AtBC's Role**

[AtBC] is a non-profit, membership-based organization that is committed to growing and promoting a sustainable, culturally rich Aboriginal tourism industry. (AtBC website. Welcome).

The organization has been operating for 14 years with the goal to support Aboriginal communities in developing successful tourism products. To be able to take full advantage of tourism opportunities, Aboriginal communities need to know consumer expectations and the standards of tour operators and travel agencies. They need to be able to guarantee those standards in order to establish vital partnerships and be successful in offering tourism products. AtBC is working with the communities to support them in acquiring the needed knowledge and establishing necessary standards. Experience shows that leadership often wishes for big tourist operations, such as hotels and cultural centres. The reality of the industry is, however, that these kinds of operations take a lot of capital, capacity, training, and years of planning and preparation. Instead of aiming for big operations, which only few communities have the means to realize, AtBC has been supporting development on a smaller scale by getting artisans together, taking simple steps, and giving a community a flavour of working together for tourism attraction. AtBC's role in this context is to manage expectations about how to enter the industry and to point out realistic options.

In 2007, AtBC issued the Aboriginal Cultural Tourism Blueprint Strategy, a long-term plan for the sustainable growth and development of the province's Aboriginal tourism industry. The main features of this strategy are the creation of new employment and economic development, while strengthening and preserving Aboriginal culture. We have been implementing the Blueprint Strategy with a focus on three key things. First, training opportunities and awareness have been enhanced through product development workshops. These workshops were designed and 'Aboriginalized' to offer entry-level customer relations training throughout the province. The training assists Aboriginal communities in understanding what tourism means, supports them in product development and in meeting staff requirements, and fosters capacity building for interaction with tourists. Second, marketing activities have been expanded, especially during the Games. Third, we are building a brand name, *Klahowya*, a term borrowed from the collective Aboriginal trade language Chinook.

The marketing strategies have to find out what the one interested person in four means in terms of business opportunities and define their expectations. AtBC has done a lot of

marketing and awareness work and is now moving on to selling tourism as a product. AtBC is currently establishing a division for tourism product sales, including a call centre, to market a portfolio of 12 packages. These 12 packages, or products, are located throughout the province; although AtBC stresses that there is a need for the North to develop more products.

### ***2010 Olympic Winter Games in Vancouver***

Leading up to the Games, AtBC launched its Cultural Authenticity Program in order to meet consumer demand, which has been identified in our studies showing that authenticity is an important factor in the success of marketing Aboriginal tourism products. A study in Vancouver has shown that the amount of dollars spent on merchandise branded as Aboriginal products from which Aboriginal communities do not profit is in the millions. An authenticity brand helps communities take full advantage of the consumer market.

The Games were a unique and outstanding opportunity to promote Aboriginal awareness. The 26 workers at the Aboriginal Pavilion were trained by AtBC in its customized workshops. These trainees were called ‘trailblazers’ as they paved the way for Aboriginal tourism in representing it to the world at the Games.

AtBC arranged for representation at the Aboriginal Business Centre, the Vancouver Community College, GE Plaza at Robson Square, the BC Pavilion, the Vancouver Art Gallery, and a showcase at the Ministry of Tourism, Trade, and Investment Gala. Every day from noon to 12:30pm, Aboriginal performances were coordinated throughout the city.

The media attention and coverage and the visitor interest grown out of the effective presentation of Aboriginal culture and tourism has had an enormous impact on Aboriginal tourism and on our approach to marketing and selling it. Among our encounters with media coverage and public interest during the games were 3,000 unaccredited media at Robson Square and 10,000 accredited media at the Convention Centre. Many of these media were looking for accessible, authentic experiences and stories beyond sports, which supports our finding that authenticity is a key marketing strategy.

The following statistics show the exposure and levels of activity at the various venues with AtBC representation. The BC Canada Pavilion was hosted at the Vancouver Art Gallery, welcomed 90,000 visitors during the Games, and featured six hours of cultural demonstrations in the exhibit each day. The Four Host First Nations Pavilion welcomed 242,000 visitors. Robson Square welcomed 1.5 million visitors, offered daily half hour stage performances by AtBC, and served as a broadcast centre for the 3,000 unaccredited media. The Tourism Industry Showcase with Minister Krueger and Minister Abbott was presented to 150 guests and 35 media in attendance, including television media from Canada, Britain, Germany, and the US. In comparison, the average media attendance for other showcase events was four. This

heightened media attendance hints at the great national and international interest in learning about Aboriginal culture.

Klahowya Village at the Pan Pacific Hotel was an interactive exhibit of Aboriginal culture. The idea was to resurrect components of a village, such as story-telling with Elders, cuisine, and dance, and to present a 21<sup>st</sup> century version of the story of the Aboriginal people. Klahowya Village, placed at a strategic location next to the Olympic Broadcast Centre, welcomed 90,000 visitors. The dynamic AtBC exhibit in the lobby enjoyed extensive media and public exposure as the hotel hosted NBC, BBC, CTV, and German media. It was open to the public, invited interaction with Aboriginal artisans, and generated a lot of interest. Activities such as carving, cedar bark weaving, medicinal teas, dancers, drummers, and singers served as backdrop for the media.

The overall media coverage was overwhelming. In financial terms, AtBC invested \$500,000 in marketing and media coverage and denoted a return of \$800,000 to \$1 million of actual coverage and marketing value. This coverage included major international media outlets, such as BBC Sports, NBC, ARD Television Germany, USA Today, and the Daily Telegraph, and amounted to 155 interviews in seventeen days about topics ranging from traditional cuisine served with a contemporary twist, and artisans and their stories, to fashion designs of Dorothy Grant and Pam Baker.

### ***Building on the Momentum of the Games***

This exposure and coverage is expected to lead to greater consumer interest, and an increase in calls and inquires has already been noted at AtBC. Since the representation of Aboriginal tourism at the Games was so successful, it makes sense to build on these marketing and product development accomplishments. Klahowya Village especially was a great success and fits well into AtBC's focus on marketing with a gradual shift towards product development and selling tourism products. The format of the Village combines both aspects in that it is, at the same time, marketing of Aboriginal tourism products and an Aboriginal tourism product itself. It offers an introductory Aboriginal cultural experience with the potential to create an interest for more. Strategically placed in a highly frequented, accessible location, it is a great product of the Vancouver region, incorporating a concept of working with local First Nations and their artists and integrating their stories into village marketing programs. It can also be used to draw attention to other Aboriginal tourism products in the province.

AtBC decided to maintain this and other successful formats and partnered with the Vancouver Parks Board, Tourism Vancouver, the Vancouver Trolley Company, Spaghetti Factory, Spokes Bike Rental, West Coast Sightseeing Inc., and the Province of BC. Building on these partnerships, AtBC re-established Klahowya Village in Stanley Park, a showcase at Butchart Gardens, and a showcase at the Tourism Vancouver Visitor Centre.

Klahowya Village features a Spirit Catcher Train, which takes visitors for a for a 13-minute journey into the forest of Stanley Park and the Aboriginal history and culture of BC. Further attractions include daily performances on an Aboriginal stage; artisans showcasing woodcarving and weaving; drum-making workshops; cultural tours; Aboriginal cuisine from vendors; kiosks offering authentic Aboriginal art; story-telling circles; an Elders' area; Legend of the Mask Storytelling; the Raven Spirit Ceremony; and a Children's Farmyard. So far, 2,400 to 4,800 visitors per day have been counted – 70% domestic visitors and 30% international – and the value generated by the media coverage of Klahowya Village amounts to \$260,000.

The showcase at Butchart Gardens features close collaboration and partnership with the local Tseycum, Pauquachin, Tsartlip, and Tsawout First Nations. They offer dance and drumming presentations and performances, gain entry into the tourism industry, and learn first-hand that tourism can be an economic opportunity. Tourism as economic development holds competing interests for many First Nations, which may be due to concerns regarding the respect and value for their culture or competing opportunities in the natural resource sector. AtBC helps communities build a product and realize its true development potential, including enormous benefits, such as protecting one's history, telling one's story in your own way, and developing ways to help one's children remember where they come from.

At the Tourism Vancouver Visitor Centre, another showcase offers a high profile location with 6,000 visitors passing through per week. This is an outstanding opportunity to promote AtBC and to direct visitors to Klahowya Village in Stanley Park and to other Aboriginal tourism products. AtBC is building a presence in visitor centres in Kelowna and Kamloops and is planning to include Victoria soon. We are trying to cover the gateway entrances into the province. Our experience is that we have to connect with tourists as they enter the province, engage and inform them about Aboriginal tourism opportunities, and lead them further into the province with the packages we are selling right now. In addition, showcasing offers training opportunities for trailblazers who can carry skills into their communities and spread information about their own culture and products. All three representations of AtBC established in Vancouver since the Games have exceeded expectations.

The experience of the Games set the stage for the development of our 2010 Marketing Plan. Our marketing mandate, as it can be found on our website, is to communicate directly to consumers as well as through travel trade and travel media creating awareness of Aboriginal tourism and driving business directly to AtBC marketing co-op members.

We have come to realize that we need to focus our stakeholders on the Cultural Authenticity Program we developed for the Games. AtBC is currently leading the world in Aboriginal authenticity certification and is implementing branding processes. We met with people from Australia and New Zealand who are looking to AtBC for good practices in developing processes for authenticity programs and in working towards building a unified sector. Consumer awareness is an important part of authenticity certification. For example, Asian business representatives often do not understand the dynamics of an Aboriginal community. They do

not grasp the diversity featured in this province or even in select urban Aboriginal communities, but they are looking for an experience. Our task is to develop products that meet consumer demands while respecting the cultures of the communities and creating an understanding of the cultural diversity, values, and rights among the consumers. The Cultural Authenticity Program will help to do this with careful consideration, and because authenticity is in demand, it will also be an effective marketing tool.

Part of the 2010 Marketing Plan was implemented through the continued work with provincial and federal partners and key international markets. We focused on 'drive time' markets for the summer 2010 and created as much exposure as possible through our showcases and Klahowya Village, but also with brochures at other visitor centres, BC Ferries, and in domestic marketing settings. We are also currently working with the Ministry of Tourism, Trade, and Investment to include our material on their Hello BC website and to achieve greater integration into wider tourism strategies. Moreover, participation in high-profile events throughout BC is part of our strategy, and AtBC is building a five-year Financial Independence Plan with the goal of becoming more effective in marketing and selling our stakeholders' products.

One of the palpable impacts of the Games is that Aboriginal communities and individuals increasingly want to showcase their culture and their products. BC has a beautiful natural environment that attracts visitors. However, other places in the world have similar natural attractions. This province is distinguished by the histories and cultures of the Aboriginal people. The entire tourism industry needs to recognize this and understand that the incorporation of Aboriginal tourism products will benefit the entire industry, Aboriginal and non-Aboriginal. Our strategy aims to fill the gap between the relatively small Aboriginal share of the overall tourism revenue and the big interest in Aboriginal tourism products. This also means that we have to work towards including more communities in order to build a strong sector.

### ***Closing***

AtBC's immediate goals for the future are to strengthen existing stakeholders, build capacity through authenticity and training programs, and focus on results in order to demonstrate the relationship between community well-being, entrepreneurial capacity, and sustainability.

The agenda asked for key barriers to economic development in Aboriginal communities. At AtBC, we have done a lot of research with our own products in BC, and the three most important barriers experienced by Aboriginal communities in developing tourism products are (1) access to capital, (2) a lack of capacity and support for effective product development, and (3) meeting demands for authenticity standards.



## ***General Discussion Points from Workshop Participants***

The discussion following this presentation of AtBC as an organization and its role at the Vancouver 2010 Winter Olympics addressed three topics, including clarification on AtBC research; questions about the organization's role in northern, rural, and remote settings; and a discussion of authenticity questions.

- AtBC Research

The current research data is from 2009. Henry responded that a new study is expected to be published in March 2011 with the same methodology in both studies in order to create comparable datasets depicting developments, which will show the effect and immediate results of the 2010 Winter Olympic Games.

- AtBC in Northern, Rural, and Remote Settings

Questions about the role of AtBC in northern, rural, and remote communities addressed uncertainty about how northern communities could be included in AtBC's product portfolio, and what kind of support they would receive in developing tourism products. The previously introduced Aboriginal showcase at the Vancouver Visitor Centre was mentioned as an opportunity for artisans to show their art and demonstrate the production of their work. This could potentially include artisans from remote locations, but connections would have to be established first.

This leads to more particular inquiries about communities who would like to develop tourism products and participate in the industry. Henry emphasized that the northern parts of the province are a large market in need of development and support. AtBC is not in a position to offer funding in the form of grants or loans; however, the organization has a training program, previously referred to as the trailblazers program. This means entrepreneurs or communities in the process of building tourism capacity can contact AtBC and participate in AtBC's training sessions to learn about business plans and to develop an understanding of the tourism industry. It was pointed out specifically that communities or individuals still have to find their own ways to access funding.

Furthermore, the discussion inquired about increasing the involvement of the North, and Henry referred to the 12 packages that are currently being marketed on a trial basis by AtBC. The idea is to use the potential of the lower mainland to attract international tourism and find a way of creating interest in province-wide packages and providing the transportation and infrastructure to facilitate the province-wide tourism experience. A test phase for feasibility studies will determine which of the packages will be approved by AtBC's Board of Directors. After a successful test phase, AtBC is looking to approach and work with communities to establish

more successful products and meet market demands. Northern, rural, and remote communities can approach AtBC and apply to go through a similar process with their products.

- Authenticity

Many nuances in the meaning of authenticity and a number of purposes of authenticity certification were explicitly or implicitly addressed during the discussion. Furthermore, it became clear that authenticity and copy right can be closely linked and easily confounded.

The Concise Oxford Dictionary of Current English defines *copyright* as the “exclusive right granted for a specified period to an author, designer, etc., or another appointed person, to print, publish, perform, film, or record original literary, artistic, or musical material” (Allen 1990, 255). The purpose is the protection of the artist’s rights. In the context of Aboriginal products, the rightful owner, whose rights to a product or idea are protected, could be a community or an individual artist. During the discussion of AtBC’s Authenticity Program, some of the concerns that were brought up were directly related to copyright rather than authenticity. However, there are possibilities of linking an authenticity certificate to copyright in that it may identify the author and copyright owner of a product, thereby promising the consumer not only an authentic but also a legal product, the purchase of which will directly benefit the artist.

This leads to a nuance of the meaning and importance of authenticity that was relevant in this discussion: authenticity certification as a way of responding to consumer demands. Henry repeatedly emphasized the marketing value of authenticity certification. Consumers are willing to spend more money on authentic products. This means that an artisan who has acquired a recognized authenticity certificate increases the marketability of her/his products and can ask for higher prices. In this sense, publicly recognized authenticity certification, whether it truly comes from a community or from an outside entity, increases the business potential of the product.

However, AtBC’s focus on consumer demand with regards to establishing their authenticity program generated concerns among discussion participants about who determines what is authentic. The fear was that the establishment of a province-wide certificate would potentially limit some communities’ or individuals’ chances of receiving a certificate and successfully marketing their products, even though they are truly authentic. Upon specific inquiry, Henry described the process established by AtBC to grant authenticity certificates. The organization has developed an adjudication committee with four members, two of whom are Aboriginal leaders from BC and two are non-Aboriginal members. The AtBC website states that

To apply, you must be a majority owned or controlled Aboriginal business that is at least 51% Aboriginal owned and controlled, OR a non-profit or member-based organization where the majority of voting Board members are Aboriginal and a minimum of 51% of

membership is Aboriginal. You must also be an AtBC Stakeholder that is currently participating in an AtBC Marketing Cooperative program and in good-standing. (AtBC website. Info. Cultural Authenticity Program)

This process is markedly limited to stakeholders and participating groups, which confirms some of the concerns regarding the current lack of northern representation in AtBC's portfolio. According to this AtBC authenticity certificate application procedure, many northern communities and artists are currently unable to receive authenticity certification although their products are undoubtedly authentic.

Beyond these concerns, some participants questioned the need for authenticity certification. A repeatedly mentioned scenario was one of a tourist watching how a carving or other piece of art is made by an Aboriginal artist in his or her community. The argument was that there would be no question in the tourist's or anyone else's mind that the piece of art was authentic, and certification would be unnecessary. Meanwhile, other discussion contributions related to experiences with buying authentic, supposedly authentic, or seemingly fraudulent Aboriginal products in gift and souvenir shops. Here, a recognized authenticity certificate would greatly facilitate the identification of truly authentic items and have potential to limit, or at least discourage, the misappropriation of intellectual and cultural property. While the first scenario supports the call for leaving authenticity up to individual communities and artists to determine and demonstrate, the latter points out an advantage of recognized, province-wide certification in increasing product marketability and discouraging fraud.

A last line of argumentation in the discussion showed how complicated the authenticity debate in all its nuances really is and hinted at a problem with basing authenticity on consumer demand. One aspect of the argument was that as soon as a product is labelled 'authentic' for the sake of tourism marketing, it loses its true authenticity by definition as it becomes a tourism product as opposed to a cultural item. The argument was not discussed in detail at this point, but Viken's contribution to this volume elaborates on this perception of authenticity. The other problematic aspect of basing authenticity certification on consumer demands is how far the certification process follows consumer expectations. The example used in the discussion was Saami reindeer herding. Today, it is reportedly quite common to pursue reindeer herding by helicopter; however, it can be assumed that consumer expectations of an authentic Saami tourism experience would involve more historically traditional methods. The question remains, what is truly authentic, and who is to decide?

Henry closed by stressing that the most important part of presentations and discussions is to start a conversation with all parties potentially involved. AtBC's Cultural Authenticity Program is still in its development stages and will evolve over time. The more dialogue and conversation can be instigated the better. The many aspects of authenticity and the close link to copyright, as they came up in this discussion, have demonstrated that it is very important to clearly identify the purpose and objectives of a program and to include as many affected groups as

possible in the development and evolution of such a program. The discussion has also shown that one solution may not suit all, which, again, makes clarity about the purpose and objectives and transparency of the processes all the more important.

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## 2.0 Aboriginal Tourism

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### 2.3 Sami Tourism and Change

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This chapter presents a different view of cultural tourism marketing and business and introduces thoughts on the side effects and underlying elements of marketing Aboriginal cultural tourism. It will be shown that to market and work with culture means to create a product and an industry. The empirical base consists of several studies of tourism in the Sami areas in Norway since the late 1990s.

#### *The Sami People*

The Sami territory extends over the northern parts of Norway, Sweden, Finland, and the Russian Kola Peninsula. Approximately 30,000 to 40,000 Sami live in Norway today, mostly in the North but also in the big cities. Tourism development has to be seen in light of the general situation of the Sami. There have been tremendous developments in Sami society since the 1960s. These developments include integration of the Sami into mainstream society and politics and, at the same time, strengthening Sami autonomy within Norway. The latter was primarily achieved through institution building efforts. Since 1989, the Sami Parliament of Norway and its administrative body represent Sami people in Sami territory. Decisions to deliver Sami education in Sami language are being gradually implemented, and the University of Tromsø and the Sami University College feature extensive research programs on Sami related or relevant issues. Meanwhile, Sami cultural institutions, such as theatre, film production, and

festivals are growing. Land ownership in Sami territory has been transferred from state property to a form of mixed management involving the Sami Parliament representing community ownership and the County of Finnmark as regional authority. However, probably the most important institutional change has been the general acceptance of Sami people and culture as modern and equally valued entities within the Norwegian political spheres, in the media, and among the majority of the public.

### ***Sami Modernization***

The public image and perception of the Sami still pictures stereotypes of traditional clothing, a nomadic lifestyle in traditional tents, cooking over an open fire, and traditional ways of reindeer herding. These stereotypes are often perpetuated by tourism as old traditions are practiced for tourists' sake and in response to cultural tourism demands and expectations. But the reality of Sami communities today looks different. Sami people and communities have undergone modernization processes and evolved over time like any other society. While they value their Sami heritage and identity highly, their outer appearance and, to a great degree, lifestyle do not distinguish them notably from Norwegian mainstream society. In European linguistic contexts, *indigenous* terminology has primitive or old-world connotations that, in some interpretations, imply the developmental standstill of a society (Mathisen 2004). Therefore, these terms are rejected by many Sami individuals and communities. They are proud to be Sami, but they insist on the recognition that their society is modern and progressive.

An example of cultural heritage and modernization in Sami society is reindeer herding. Reindeer are still very important in Sami culture and in Sami everyday life, and the image of the reindeer herding Sami is not just a stereotype but still a reality. However, reindeer herding today looks fundamentally different from stereotypical expectations of century-old methodologies. Modern Sami reindeer herding involves snowmobiles, ATVs, and helicopters and is based on a mixture of traditional and modern, research-based knowledge and management.

### ***Sami Tourism***

The term *Sami tourism* follows the definition introduced in an earlier chapter by Kutzner as tourism products provided by Sami to tourists of Sami or non-Sami descent (see also Petterson and Viken 2007). In comparison to examples of Aboriginal tourism in Canada, the demand for interaction with Sami and for cultural experiences is not as high in the Norwegian tourism industry. Sami tourism is one ingredient among many in Norwegian tourism experience programs. It mostly serves as a background for sightseeing tourism, which features over 500,000 visitors in northern Norway annually. As such, Sami tourism is an element in business tourism, the growing industry of winter tourism, special interest tourism, and festivals and events. In concrete terms, a typical Sami cultural element on a tourist agenda is, for example, a

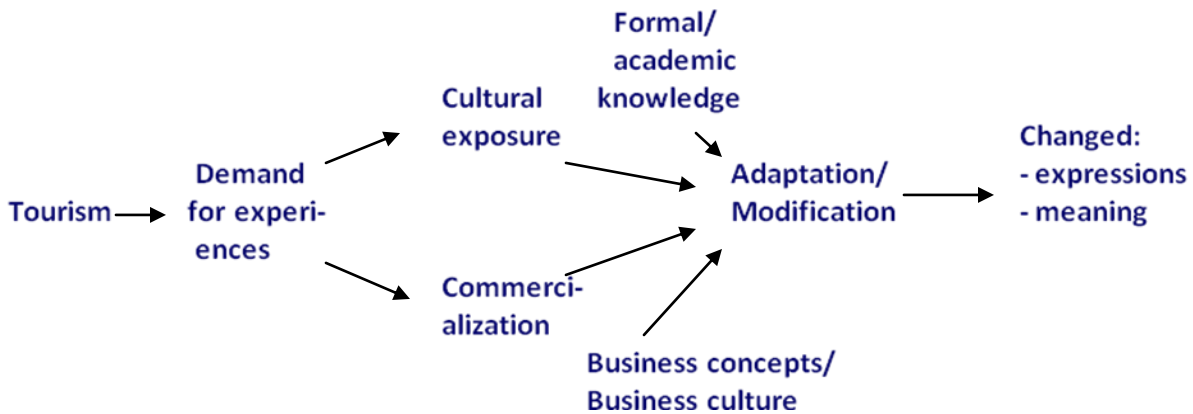
three-hour cultural program with performances and dinner in a Sami tent. This is a way of adding a distinct product to the entertainment programs of the travelers. Only in very few places, mostly in Lapland, the northernmost region of Finland, is Sami tourism a dominant industry. Those Sami communities target tourism and join the tourism industry for lack of other economic opportunities. In northern Norway, tourism is only one of many major industries, including fisheries, oil and gas, mining, farming, and other service industries.

The question for Sami communities is whether tourism is a blessing or a burden or, in other words, whether the potential for economic and community development outweighs possible negative impacts.

### ***Tourism Induces Change***

There are examples of both problematic impacts on communities as well as economic and cultural advantages of tourism. In order to evaluate and grasp the range of impacts tourism can have on a Sami community, one has to understand the processes of change that take place when the tourism sector is targeted by a community. Figure 1 depicts the processes that play into tourism product development. Tourism constitutes a demand for experiences. In the case of Sami tourism, this demand aims at cultural exposure, a term that expresses both the tourist's wish to be exposed to culture and the Sami response of exposing their cultural practices, knowledge, and items to outsiders. Entering the tourism industry with its supply and demand elements automatically and by definition leads to commercialization of a tourism product, and in the case of Sami tourism, the commercialized product is Sami culture. What follows is an adaptation of the product in response to the need for exposure and commercialization and to suit the tourism demand. In addition, this process of adaptation and modification of a product often draws on formal and academic knowledge and on mainstream business concepts in order to respond to the demand, fulfill expectations, and successfully market a product. The adaptation processes which a cultural product undergoes in order to be a tourism product necessarily change both the expression of culture and the meaning of this expression. A cultural expression goes from having a meaning and significance in local culture to having a meaning and significance in the market. As such, its value is determined by market value as opposed to functionality in an Aboriginal or local context.

**Figure 1 The Process of Change within Tourism**



Source: Viken Presentation (November 2010).

This process of change can spark skepticism towards product authenticity<sup>1</sup> and it is something that both a community and a consumer should be aware of and understand. When a cultural artifact is taken out of its context, it is interpreted in a different, non-traditional way. In addition, as will be demonstrated below, it is also often modified. Therefore, commoditization of culture always implies a reduction of the authenticity, even if the item or expression in question has not been changed. The authenticity status is furthermore affected by the context within which an item or expression is displayed or performed, and by the competence of the assessor. Who should have the right to decide what is authentic or not? And how far can culture be removed from its original context and still be authentic? These are two of the questions that show that authenticity is typically a much more complex issue than just to decide whether an item or expression is ‘really’ Aboriginal or Sami or not (Cohen 1998; Olsen 2002).

One example of adaptation of a cultural product to tourism demand is a traditional boat, which was modified in size to fit more tourists and make tourists more comfortable. As a result, the experience of boating is quite different in the newer, adapted product. Similarly, the cups and knives are produced in more appealing design. As a result, however, the knife has become a less solid tool. The traditional Sami song, the *yoik*, has developed tremendously through tourist entertainment efforts and is featured by several internationally reputed artists; however, in this new context, it is no longer a gift to another person or a way of communicating as it used to be traditionally. Table 1 lists further concrete examples of modified products.

<sup>1</sup> See previous chapter for a discussion of authenticity in Aboriginal tourism.



**Table 1 Adaptation to Tourism**

	<b>Traditional form</b>	<b>Tourist way/adaptation</b>
<b>Tent (lavvu)</b>	Fur and clothing Wooden sticks Up to ten seats Oven or bonfire Reindeer fur on birch	Three to four milimeters thick modern materials Light materials, easy to move Up to 60 seats Bonfire, air conditioning Benches
<b>Hut (Gamme)</b>	Made for private use	Modified as cafés
<b>Rein sledging</b>	Transport, sport	Tourist transport, tourist play
<b>River boat</b>	Up to for 40 pax	Up to eight persons
<b>Snow-scooter</b>	For one to two	Sledge with up to 20 seats
<b>Serving food</b>	Made on a fire Eating with fingers	Premade from catering company Paper/plastic plates and tools
<b>Constume</b>	Everyday clothing	Now used by hosts, as a uniform
<b>Flag</b>	None	Sami flag as a marker
<b>Yoik (song)</b>	Communication or a gift	Entertainment, storytelling

Source: Modified after Lynghes and Viken (1997).

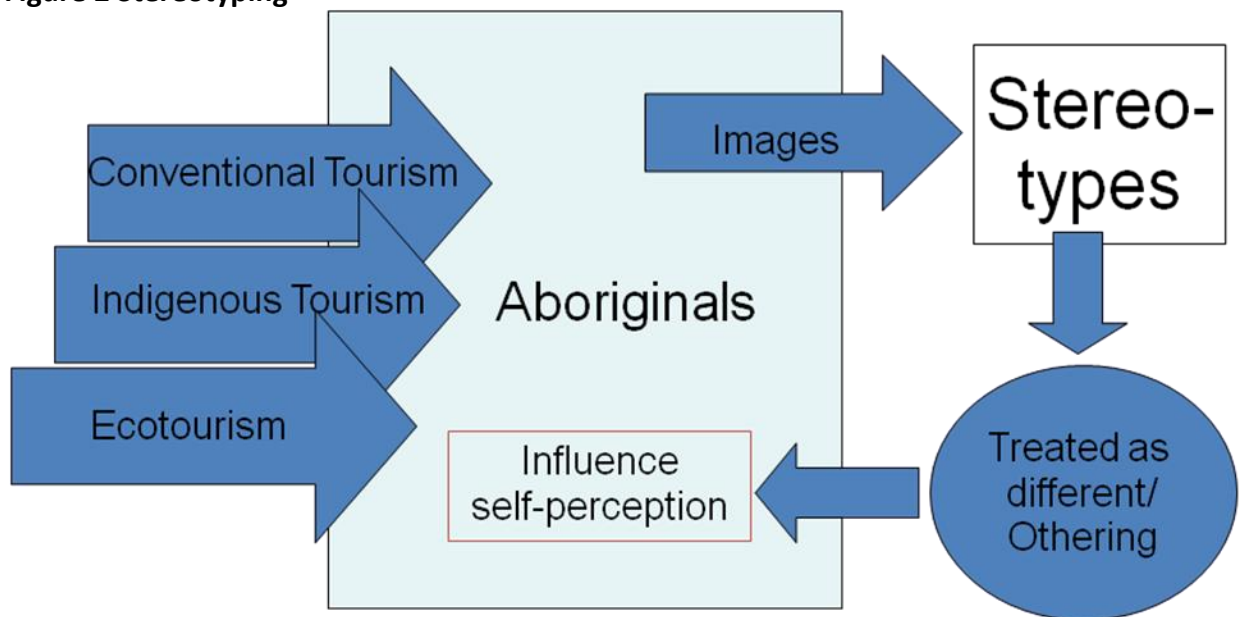
The table above shows a number of changes closely related to tourism product development in Sami communities. Some of the resulting changes from such adaptations represent perversions of a culture for the sake of tourism and in response to tourism demands (Viken 2008).

Commoditization of culturally significant practices, items, and knowledge is one example. Such commoditization brings a change in value. This change can be an extreme change in the value of a drum performance from spiritual to entertainment and revenue; or it can be a slighter change in the value of a traditional practice from subsistence in the form of resource harvesting to subsistence in the form of tourism revenue. Changes in value can also mean devaluation, for example of sacred items or practices, for the sake of market-directed objectification. It is often a form of vulgarization when shamanism is turned into a tourist attraction. Another negative impact is the materialization of non-material expressions such as cultural identity. If one were to ask a Sami what defines Sami culture, the answer would likely not be a costume or a tent, which are not even part of everyday Sami life anymore, but rather a way of thinking (Viken 2006). But since tourism demand rarely expects lessons in ideology or philosophy, the Sami

image perpetuated through tourism is one of costumes and tents rather than a distinct worldview.

An additional negative impact, which is also part of some of the previously mentioned negative effects, is stereotyping. Instead of fostering acceptance through a learning process in mainstream society about equality, mutual respect, and similarities between Sami people and mainstream people, tourism products often perpetuate stereotypes of Sami society at a standstill, of a lack of progress, and of meaningless cultural exercises and mock artifacts (tourism products). Instead of generating respect for a rich cultural heritage by creating an understanding of what truly distinguishes the Sami, tourism involves and fosters processes of 'othering' the Sami by preserving the idea of a deviant, primitive, and exotic people frozen in time. The problem of stereotyping should be taken seriously as it is counterproductive to the progress of political, economic, and social integration and acceptance (Viken 2008). As Figure 2 shows, stereotyping will ultimately not only lead outsiders to form faulty images and perceptions, these perceptions will come back to the indigenous communities and influence their own perceptions of themselves and their true culture, ranging from lowering self-esteem and confidence to developing a culture solely based on mock items and practices.

**Figure 2 Stereotyping**



Source: Viken Presentation (November 2010).

There are, however, also positive impacts of tourism on Sami communities. Tourism allows, for example, some experimenting with one's own culture. The feeling that a person can do and try out things for tourist performances that they would not feel comfortable doing in front of their family, friends, or neighbours opens doors to experimenting with cultural heritage. This

process seems to have bettered the ways in which some Sami experience their local culture. Furthermore, Sami are living modernization like any other society, and tourism and the new cultural expressions it brings are a form of cultural evolution and of finding uses for cultural items in modern life. Importantly, processing culture in a touristic context leads to revitalization through reinvention and renewal. Sami culture has gone from being hidden to something that most Sami nowadays are proud of. This revitalization includes re-evaluation of cultural meanings, giving a new dimension in the form of aesthetic meaning to an item or tool that may have lost its original position in the modernization process. This also leads to conservation and preservation of cultural items, knowledge, and practices for the future. Tourism is, at the same time, a changing and a preserving force.

### ***Riddu Riđđu: An Example of Cultural Revitalization in Tourism***

The Riddu Riđđu Festival is an example of cultural revitalization and of positive impacts of tourism (Pedersen and Viken 2009). It is an internationally known annual indigenous music festival that started in 1993 and takes place in the coastal community of Kåfjord near Tromsø, Norway. It is hosted by the coastal Sami for a mainly Sami or otherwise indigenous target group, although there are typically also non-indigenous visitors attending.

The story behind Riddu Riđđu is one of a coastal Sami identity quest. The coastal Sami traditionally featured a self-sustained subsistence economy combining fishing and farming. In the twentieth century, they experienced double marginality in being ‘othered’ by mainstream as Sami and being ‘othered’ within the wider Sami community as coastal Sami. By many, only the inland Sami were seen as ‘real’ Sami. The Norwegian politics of assimilation, neglect, and massive pressure on agriculture and fisheries resulted in a rapidly vanishing coastal Sami culture. This led to a local conflict concerning the Sami identity. Most people had left their Sami origin, and wanted to be Norwegians. The presence of a strong Christian religious group in the region, Laestadianism, posed an additional source of antagonism.

As a municipality, Kåfjord was integrated into the Norwegian welfare state with its institutions, services, and ideas of modernization. Due to fisheries and agricultural policies, it became normal for Sami youth to pursue modern formal education at the Norwegian colleges and universities. At these educational institutions, some of them learned about concepts and theories of ethnicity, cultural identity, modernization, and reflexivity, and went back to their home communities to find out why they had not been taught to be Sami and had not learned to speak their language. They decided to do something about it, and set out to learn what it meant to be coastal Sami. They consulted inland Sami communities and brought the gathered information home to Kåfjord. Their parents and grandparents rejected the ideas of the inland Sami as not truly coastal Sami. After studying other indigenous approaches to cultural revitalization, the youth discussed their situation and came to an important conclusion: “We are coastal Sami, therefore to be coastal Sami means to be what we are.” They started to develop ethnic markers and began reconstructing a traditional costume and revitalizing the

language with the help of their parents' and grandparents' generations. The Riddu Riđđu Festival emerged as a manifestation of regained cultural identity and pride.

The story of this festival and the community that initiated it invites discussion about how to define ethnicity, cultural identity, and, once again, as mentioned previously, cultural authenticity. Furthermore, the story holds important lessons about cultural loss and revitalization. It turned out that not the entire coastal Sami culture had been lost but rather some elements, such as the language, were hidden and not used frequently anymore, but the knowledge was still there. Had the young Sami waited another generation or two, it might have been too late to recover their language and other cultural knowledge. The success of their efforts is apparent in the fact that approximately 50% of coastal Sami children receive their education in Sami language; the community has gone from a handful of speakers to a majority of fluent Sami speakers within some twenty years.

In their attempts of self-identification and regaining their cultural identity, the young coastal Sami started by looking back in history, then sideways to the inland Sami, then outwards to other indigenous groups, before they finally decided to look forward and asked themselves, "What do we want our Sami identity to be?" This process changed their concept of culture from something defined, stagnant, and static to something dynamic. Culture is activity and interaction in a society.

The process introduced by the youth in their identity quest developed into ethnic coaching and consolidation. The festival is designed for families who want to learn more about coastal Sami culture but also about indigenous issues worldwide. It includes workshops, ranging from traditional music and storytelling to food, and it features international indigenous artists and instructors. It is a gathering place for Sami and for visitors. In summary, the role of Riddu Riđđu is a cultural, economic, and political one. It generates higher cultural awareness and makes the municipality a centre for Sami developments. In its manifestation of renewed identity and pride, it means local empowerment and creates trust in local opportunities. Finally, by providing a platform for solving discord, clearing misunderstandings, and correcting stereotypes, it is an arena for reconciliation and acceptance (Pedersen and Viken 2009). Originally, there was antagonism from the local Laestidian Christians who did not appreciate the emergence of a modern festival, which they considered a sinful event. However, most members of this group are Sami, and, over the years, many of them have recognized the significance of the festival.

In conclusion, giving priority to culture and negotiating identity created a platform for economic development. Such developments, as the example shows, can be followed by revitalized culture, creative jobs, new industries, and a belief in the future.

## ***General Discussion Points from Workshop Participants***

During the following discussion, the many Canadian participants showed an interest in learning more about the Sami, their culture, and their cultural revitalization strategies.

- Levels of Language Proficiency

For many North American indigenous groups, the imminent loss of their respective languages is one of their most pressing and immediate concerns. Diverse languages not only add to the diversity of worldwide cultural heritage, they are also of central significance to the people who speak them. Language carries cultural and spiritual connotations; expresses a worldview; contains a people's knowledge, beliefs, and origins; and forms an important part of one's identity and pride. In this context, the story of successful language revitalization among the coastal Sami holds a lot of meaning and encouragement for Canadian First Nations and other indigenous peoples in the world. Viken confirmed that 50% of Sami students in Kåfjord currently receive their education in the Sami language and are, therefore, fluent speakers. He shared one of his own experiences at the festival, when, as a non-Sami Norwegian, he was unable to participate in many conversations because they were held in Sami. This kind of 'voluntary' everyday conversational use of the language confirms widespread proficiency and success of the revitalization efforts.

- The Role of the Tent in Sami Culture

According to Viken and other workshop participants, the role of the traditional tent, or *lavvu*, has changed considerably. It was traditionally used as a temporary dwelling by reindeer herders and consisted of a wooden frame covered with hides. Its simple structure allowed quick and easy setup and spontaneous moves. Today, it is a high-end piece of leisure and sports equipment made from modern, lightweight, and durable materials. Major sports and outdoor companies, as well as small Sami-owned businesses, produce and market traditional and modern lavvus for modern outdoor lovers. The fabrication, especially by Sami-owned businesses, mostly follows Sami Elder teachings and experience. Reindeer herders use the modern version for their activities as well; although, it is noted that seasonal herding has, nowadays, become a short-term activity of one or two weeks at a time.

- Temporary Loss of Sami Identity

The East Coast Sami identity was vanishing, but it was still in existence, only hidden and not in use. This dormant state of the culture was caused by Norwegian politics of assimilation and undermining the traditional livelihood of the Sami. The coastal Sami were more affected by

Norwegian political intervention and imposition than the inland Sami. Revitalization efforts took place at a time when there were still numerous speakers of the language who also held knowledge about old traditional lifestyles and practices. For some time, they did not use their language, knowledge, and practices anymore, and, in response to assimilation policies, stopped passing their cultural knowledge on to the younger generations until the youth became active and asked for help and teachings.

- Sami Origins and Migration History

There are two theories about where the Sami people originated. The first theory holds that they were part of wider circumpolar migration. The second theory looks at their language and its similarities to Finnish, Hungarian, and Turkish. Based on these possible linguistic ties, it is believed that the Sami originated in the European South and migrated north.

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## 3.0 On-Reserve Economic Development

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### 3.1 Journey to Economic Independence: BC First Nations' Perspectives

Ted Williams

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Cowichan Tribes

#### ***Personal Background***

I am a member of the Cowichan Tribes. Since early childhood, I have been blessed with entrepreneurial thinking; I see opportunities wherever I go and I see a need for recognition of our community members' entrepreneurial and other talents. It is important to align the needs of our communities, including infrastructure, services, and supplies, with communities' or community members' entrepreneurial aspirations. I was approached to take on the *Journey to Economic Independence* project on behalf of the First Nations Leadership Council (FNLC) and I felt honoured to accept the six-month assignment in 2007.

#### ***Introduction***

The project commenced in late January 2007, and, at the same time, the FNLC and Indian and Northern Affairs Canada's (INAC) Regional Program Management Advisory Committee co-hosted a First Nations economic development conference. Representatives from over 130 of the 203 British Columbia (BC) First Nations attended this event. The conference was recognized to be the starting point for the creation of an economic development strategy for BC First Nations, by BC First Nations.



First Nations are looking for a comprehensive answer from successful First Nations on how they proceed and what their best practices are. I decided to visit First Nations leaders and Economic Development Officers (EDO) and do extensive research projects on each successful First Nation who would be willing to share their experience.

### ***Project Timeline and Background***

- 2005 - Tri-partite *Transformative Change Accord* signed and BC First Nations New Relationship Document released.
- 2006 – BC FNLC and Ministry of Economic Development (the Ministry) endorsed this economic development project.
- 2007 – (January) First Nations Economic Development Forum in Richmond, BC.
- 2007 – (March) BC First Nations community tour.
- 2007 – (August) Workshop to confirm report findings with participating First Nations.
- 2008 – (February) *Journey to Economic Independence* Report jointly released by FNLC and the Ministry.

### ***Purpose and Objectives***

We set out to conduct a first-hand examination of the successes and struggles in economic development within a cross-section of BC First Nations and to shed light on the journey of participating First Nations as they move toward building sustainable economies. During the tour, we met with senior First Nations representatives of 11 communities from different BC regions and collected information that would help us understand the history of each individual First Nation’s economic development activities. Besides sharing best practices with all BC First Nations, our task was to help the First Nations and the BC government understand why so many First Nations are living in third world conditions. The answer lies in the analysis of the comparison of the Canadian economic wheel and the First Nations wheel. Knowing that most First Nations are living on federal government reserve land and understanding what that means in the context of the Canadian economy is a central piece of the puzzle.

The Nations of the tour included:

- Beecher Bay First Nation,
- Fort Nelson First Nation,
- Hupacasath First Nation,
- Kamloops Indian Band,
- Ktunaxa Tribal Council,
- Lake Babine Nation,
- McLeod Lake Indian Band,
- Osoyoos Indian Band,

- Squamish Nation,
- Tseil Waututh Nation, and
- Westbank First Nation.

### ***Results of the Tour***

While on tour visiting these eleven First Nations, we documented their systems and approaches on flip charts and soon discovered that they had all taken very similar paths. We found two main approaches. The first one is that of First Nation-owned and -operated businesses, and one example is the Osoyoos Indian Band (OIB). Their main paths of action include the creation of OIB enterprises, the designation of First Nations band lands on-reserve, training for employees, attracting partners for on-reserve business development, having consistent political and economic development leadership, and bringing external business and economic development expertise to the community.

Westbank First Nation is an example of the second approach, which focuses on support for local entrepreneurs. Their strategic steps include support for entrepreneurial development; enabling land development through Certificate of Possession (CP) land ownership; attracting local, national, and international investors; having self-government legislation and *Land Management Act* powers; and bringing external business and economic development expertise to the community.

The three areas of revenue generation which emerged from our research are development of lands, resources, and water; benefit and revenue sharing agreements; and partnerships. Furthermore, seven themes turned out to be determining factors in successful First Nation economic development in BC. These include:

- Understanding the First Nation communities;
- Understanding the lands, resources, and water opportunities;
- Planning;
- Leadership, corporate governance, and capacity;
- Benefit and revenue sharing agreements;
- Partnerships; and
- Access to capital.

### **Understanding First Nations Communities**

Successful economic development is based on understanding the communities. Historically, they featured vibrant economies and far-reaching trade systems, but since the 19th century, they have effectively lost control over their governance and trade systems.

In 2005, the *New Relationship* was announced acknowledging that the relationship between First Nations and the Crown has led to socio-economic inequality. Also in 2005, the *Transformative Change Accord* was signed by the federal government, the BC government, and the FNLC to support First Nations' social and economic well-being.

Past policies have shaped the current situation of BC First Nations. For example, current legislation, the *Indian Act*, and other policies have constrained economic development. The inability of First Nations to obtain land title means that they cannot accumulate equity or obtain second mortgages. Moreover, infrastructure is limited or nonexistent due to lack of federal funding. The limitations to market-based housing on reserve lands explain part of the poor housing conditions on many reserves.

We all have to recognize that we cannot change the past but we can change the future. Looking ahead, we have to work towards enabling First Nations to participate meaningfully in the BC economy and move forward to build relationships on trust and mutual respect.

### Understanding Lands, Resources, and Waters

First Nations have an interest in pursuing economic development opportunities throughout the province on-reserve and within their traditional territories. Reserve lands are made up of two different categories: (1) band land and (2) CP land. Band land is controlled by and used for the benefit of all First Nations members. Where a CP is issued, the band member acquires something close to private property rights to that land, with the limitation that it can only be pledged to another band member. There are five ways that a First Nation member or a First Nation can create economic opportunities with respect to reserve lands in BC. These include obtaining:

- A 49-year lease approved by Chief and Council,
- Land designation with a 99-year head (primary) lease,
- Designation under the federal *Land Management Act*,
- Delegated authority under sections 53 and 60 of the *Indian Act*, and
- Self-government arrangements.

The control and use of natural resources by First Nations is fundamental to their economic development success. The economic opportunities associated with resource development on-reserve and within traditional territory lands are substantial, but there are barriers. Resource development on-reserve is subject to a number of approval processes, and First Nations experience significant challenges with the cost and timelines associated with these approval processes.

Water use for revenue generation and quality-of-life is fundamental to the future success of BC's First Nations. First Nations' use of their water resources includes fishing, green power, and

other developments. There are barriers, however, including limited expertise, training, and capacity among First Nations related to water resource management; a lack of information to help First Nations identify opportunities in power production or aquaculture; and the time-consuming and costly application process for aquaculture licenses and tenures.

### Planning

We noticed that the communities that are doing well operate from plans. Comprehensive community planning is widely accepted as an essential tool for achieving a vision for the future, initiating action, embracing and managing change, and measuring outcomes and results. Planning shows a community where it can go and how to get there. Two types of plans relate to First Nations economic development: the Comprehensive Community Plan (CCP), and the Economic Development Plan (EDP). Comprehensive community planning is a holistic process that enables a community to build a roadmap to sustainability, self-sufficiency, and improved governance capacity. The EDP is a component of the CCP and can also be a stand-alone plan. The EDP is focused on how to achieve the community's vision for developing a sustainable economy.

The benefits of planning are community engagement, accountability, progress measurability, and clear strategic directions. Barriers to planning, as identified by participant First Nations are, again, limited access to funding and a shortage of First Nations expertise and capacity to execute the planning process.

### Leadership, Corporate Governance, and Capacity

Business operations need to be conducted in accordance with sound business principles and carried out by staff with the necessary capacity to meet those principles. Chief and Council have the ultimate responsibility for the success of economic activities in their communities, but they need to fulfill that responsibility without interfering in day-to-day business operations. INAC governance structures, under which most BC First Nations operate, dictate a number of practices that pose a potential threat to the stability of economic development including, for example short election cycles. Very commonly, Chief and Council function as the Board of Directors for First Nation-owned enterprises, which opens doors to conflicts of interest. An independent Business Advisory Council and a bylaw that no significant change to corporate structure or senior officers can be effected without the majority support of Chief and Council are tools to provide the needed stability. Financial accountability, human resource expertise, and a clear process for land and resource management are key.

First Nations participants identified barriers to corporate governance and capacity. These barriers include a lack of expertise to develop corporate governance models and a lack of resources to develop and implement economic development activities.

## Benefit and Revenue Sharing Agreements

Benefit agreements are arrangements between industry proponents and First Nations communities, which bring economic value to the community. In exchange for providing employment, training, and other benefits to the First Nation community, the business proponent will be able to create a business venture on-reserve or within the First Nation's traditional territory. Governments may also play a role in benefit agreements.

Revenue sharing agreements refer to arrangements between the federal or provincial government and First Nations communities. Revenues directed to the government, as a result of resource extraction of renewable or non-renewable resources, are shared with the First Nations community.

Through discussions with participating First Nations, it is evident that the value to communities derived from either benefit or revenue sharing agreements depends on the negotiating capacities of all parties involved. The benefits to the community from these agreements vary on a case-by-case basis, even between similar resources or types of agreements. A First Nation with access to internal or external capacity, such as business and economic development experts, could fare significantly better than one without such capacities.

Barriers related to Benefit and Revenue Sharing Agreements identified by participant First Nations included a lack of clear guidelines for agreement negotiations, no standards related to benefit sharing negotiations or access to negotiating resources, and limited access to opportunities for First Nations procurement.

## Partnerships

First Nations recognize that playing a significant role in the surrounding economy is an important contributor to community economic development. They want to protect their values, communities, and natural environment, but may also have to work with well-financed outside partners who have different interests or values. Partnerships benefit a community which lacks business or management experience or financial resources for a venue. First Nations communities have partnership relationships with municipal governments and other First Nations communities. The piece missing in many First Nations communities is business partnerships. If a clear pathway is identified for First Nations toward land development or resource sharing agreements, opportunity for partnership relationships will be developed. The majority of successful First Nations interviewed have been involved in partnerships as their first economic venture and/or on a continuing basis.

Good partners bring expertise and capital directly or through the strength of their balance sheet and track record. Partnerships reduce financial risks and barriers to the entry of First

Nations into some industries. They also provide timely access to opportunities, such as procurement, that may be unavailable otherwise.

It is important to keep in mind, though, that human and financial capacities are also needed for negotiating partnerships. In response to this issue, it is common practice for industry proponents to provide funding for First Nations to acquire appropriate independent expertise to represent the First Nation at the negotiating table. Moreover, one of the most significant challenges for many First Nations is the ability to determine if the partner has some interest in the values of the community, and that a fair and equitable deal can be achieved.

Barriers related to partnerships identified by participant First Nations are that industry and First Nations are unsure of how and where to find prospective partners. Secondly, a lack of negotiating expertise often limits partnership building for First Nations.

### Access to Capital

The feedback from the participant First Nations was unanimous that sources of capital for economic ventures are limited, unaffordable, restrictive, and insufficient. Financial institutions tend to have prohibitive security and collateral requirements, and section 89 of the *Indian Act* eliminates the ability of a First Nation community or individual to pledge real and personal property on-reserve as security for financing.

Investment fund managers looking to place their capital in large and secure projects that offer attractive rates of return are a newly emerging source of capital. Their security is typically obtained from the project rather than the First Nation. Another source of capital comes through partnerships. Large and credible partners can bring significant pools of capital to a project, either directly from the partner, or indirectly as security for financing based on the partner's financial strength and credibility.

Barriers related to capital identified by participant First Nations included limited conventional sources of capital, lack of information for investors and First Nations on potential partners, and limited opportunity for First Nations and potential investors to communicate with each other.

### ***Closing Comments***

The findings from our visits to eleven BC First Nations have several implications and serve several purposes. The experience shared by these First Nations clearly indicates what the barriers to First Nations' economic development are and how policies and legislation can eliminate barriers and create opportunities. In addition, the successful approaches and information on options and opportunities that was shared by these 11 First Nations point the way for other BC First Nations to follow and to inspire and advise them.

A common theme that emerged very soon during our interaction with the successful First Nations was: “We don’t need to reinvent the wheel!” We heard it from every single Chief on the tour. These are important words.

None of us can change history, but we can decide the future. Now is the time to begin dismantling the elements of old design, to use the findings of this report to build a new and positive design, and ultimately return First Nations to their rightful place in society and the economy.

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## 3.0 On-Reserve Economic Development

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### 3.2 Experiences of the Old Masset Village Council

John Disney

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Haida Gwaii

#### *Framework of Current Indigenous Economic Development Actions*

Currently, the typical economic development department on indigenous reserves in British Columbia (BC) receives funding from the federal government through Indian and Northern Affairs Canada (INAC). These funds are small and not very effective in today's fast-paced, electronic, and costly society. With the many tasks that band councils are facing, the importance of economic development is often sidelined in favor of more immediate issues such as health, education, and housing.

The services provided by a typical economic development office include training, maintenance, reporting, proposal writing, and short-term contracting on-reserve. In addition, there might be services and resources to help, for example, small business start-ups or on-line job searches.

It is the Economic Development Officer's (EDO) dream, therefore, to have access to resources with which to create jobs and wealth for the band. However, most bands do not have access to resources other than those actually situated on the reserve. Because of the small size or remoteness of many of these, the options are limited. If an EDO works for a band that is fortunate enough to have meaningful resources available to them, there is a somewhat onerous and often limiting system in place to exploit these resources. First, the resource belongs not to the band, not to the community, not to the council, and not to a hereditary



leader: The resources belong to the federal government, as does the reserve land itself. Therefore, the first step is to gain the support of the council to extract the resource; then negotiations start with the federal government as to who, how, when, and what will be extracted and what laws and standards must be adhered to. Often this request triggers various studies such as species-at-risk studies, environmental impact assessments, water course and fish impact studies, geotech assessments, and habitat compensation plans. All of these are likely to involve hiring outside environmental assessment consultants to ensure the reports withstand the correct level of academic scrutiny, and those consultants are expensive to say the least. The EDO is now faced with the arduous task of applying for funding through various agencies, which is not only time consuming but includes no guarantee of success. Presuming all goes well, some time will have passed, and council is likely facing a new election year. This can be a decisive factor in the continuation of a project or project proposal as new council members might not buy into the dream envisioned and sanctioned by the original council.

At this point in the formal process, in order to access funds to actually proceed with the project, the EDO must write a business plan, which has to stand up to the analysis of the federal government and give them assurance that they are not approving a faulty project. Finally, the EDO is ready to go ahead with the project and assembles the crew and equipment to actually extract the resource.

There is a strong likelihood that, with so few opportunities in front of a band, this step might well have to involve off-reserve expertise as did all the previously mentioned studies and assessments. This means that, right from the start, the revenue stream is being channeled off-reserve and is of no economic value to the community members. Once the first load of logs or shipment of gravel is sold, an invoice is submitted to the buyer; but the cheque will not be made out to the band, or the council, or to a community member; it must be made out to INAC – they own everything, remember?

This demonstrates that the current framework leads nowhere. It is built on dependency and assimilation and, although periodically reviewed, the reality of operating under the INAC structure, even today, develops virtually no economy.<sup>2</sup>

### ***Key Barriers to Successful Development***

Economic development and life on-reserve in BC today is problematic at best and almost overwhelming at worst. For the majority of reserves, there are numerous barriers to success as

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<sup>2</sup> I must footnote this statement to say that, although many sources of meaningful funding have dried up since the election of the Federal Conservative Government, not all is lost. Lately there are signs that a couple of new programs are emerging from INAC that do place help where it is needed most, and sound business projects do have a chance, although a slim one, of receiving some traditional financing. This is based on effective due diligence performed by people from outside the INAC system who understand business and money.

a result of a century of operating under the ‘dependency’ model set up by the British Empire at the start. The following paragraphs introduce some of the concrete issues.

As explained above, we operate under the INAC model that provides the funding and helps to promote and build economies on our reserves. This never was meant to be an A to Z endeavor, but it was set up to be the catalyst to lay the foundations for an independent economy. Supplemental to this basic assistance, there were support services to provide business guidance and counseling. However, from the start there were some fundamental flaws in the system. The essential support funding was based on population, and this meant smaller communities did not receive enough help to even pay for routine office costs, let alone competent staff. The result was that economic development was usually run off the side of some band manager’s desk as an add-on to their regular duties. To exacerbate this situation there never was any real economic or business advice or services that were meaningful or applicable. Because community members do not own their land but live on federal land, they have no means to access financing to build small businesses or provide community services. With no collateral they are isolated from today’s typically available financing options and from society in general. This scenario has developed a situation where it is almost impossible for the majority of reserves across our province to do anything beyond administering federal money on behalf of their communities. With the election of the Harper government, we saw the virtual elimination of funding ear-marked for economic development on-reserve. Several major programs were eliminated and funding was withdrawn, and the impossibility of achieving economic independence loomed large and clear.

To make matters worse, mainstream non-indigenous Canadian society is told of the billions of dollars disbursed by Ottawa to help our First Nations communities. This generates prejudices and false conclusions as the reality is that virtually none of these dollars actually reach the average band members. The ‘Aboriginal Industry’ siphons off the lion’s share, and nothing changes at the level where change is critical. It is unfortunate that Ottawa, even today, still talks of reviewing and reducing contributions to bands across our country when they seem oblivious to the total misdirection of funding that is flowing at present. Reviews and input on this issue simply become binders on a shelf somewhere, and not much can be expected to change.

As we advance into the 21<sup>st</sup> century, bands find themselves with more political voice than ever and with a growing, more educated generation of young workers but have very few opportunities to actually create an economy to accommodate these new emerging assets. These community members have opportunities to access education dollars to leave their homes and gain the skills needed to make them employable. However, with the lack of an on-reserve economy, there are few incentives to return home with these attributes for either their benefit or that of their communities. This vicious cycle feeds on itself and slowly but steadily the circumstances deteriorate. As councils struggle to keep their housing, education, youth, and capital projects on track, the funding they depend on slowly shrinks. This forces the entire

community to do without, patch things together for the immediate term and to suffer poverty conditions on their own lands.

This shows that the structure that is in place to promote on-reserve economic development activity in Canada is tragically flawed. It stifles entrepreneurship and independent thinking, it overtaxes the proponents of any new ventures with reams of red tape, it restricts the flow of actual wealth into the community, and it overtaxes staff with highly convoluted and irrelevant administration duties, which do nothing to actually help the band. Funds that result from approved applications to INAC do not necessarily get deposited in a timely manner. It is not at all uncommon to receive funding approvals, move ahead and complete a project on credit, only to have the revenue blocked because of some totally unrelated issue. This obstacle can remain in place for years with no logical explanation. A recent conversation with an independent auditor stated that total disorganization rules INAC's internal financial management, which reportedly is the most illogical system the auditor had ever witnessed.

For an EDO, this means that, by audit time, their department shows a deficit that is often carried forward for several years. As a consequence, when the next project is developed, their own band will not stand behind the EDO as they perceive a lack of financial skills to run a balanced budget. This creates impossible pressures on EDOs and their departments, causing them to withdraw from imaginative thinking as they finally succumb to the mind-numbing routine of providing superficial help to community members by way of training, education, and small, internal employment opportunities, which might or might not lead to anything meaningful for anyone.

I call these communities INAC communities. They are all too familiar if you live or work there. They are characterized by few sidewalks, blocked ditches, houses in disrepair, and unkempt properties and weighed down by massive social problems. Worst of all, there is little optimism because the alternative to turning our backs on this less than adequate support appears to be even worse. Pride is slowly crushed, little value is placed on everything that surrounds us and the future seems without hope.

Of all the services the traditional band office provides for their people on behalf of the government – housing, education, health, social development, capital works, financial management, and economic development – only the last one holds the solution to this puzzle. The other departments simply administer government funds and have little opportunity to generate real wealth, let alone the power to actually shape and build a future on their terms. Reality sets in when the support mechanisms outlined at the beginning of this chapter never have provided the means to create new economies and therefore a chance at financial independence. Without independent wealth, the dream of self-governance remains just that.

Community economic development is the key to social problems, health, housing, education, and more. On-reserve, this includes everyone and everything. Pure economic development is driven by one bottom line. Community economic development has many, all interrelated and

all vital to each other and to eventual success. It is not easy. It is complex and it is about fixing an entire community.

### ***Actions and Supports Needed to Achieve any Desired Changes***

Success is about replacing the entire system. It is about changing mind sets that have been in place for decades, and it is about abandoning the INAC model in favor of the corporate model. This means exchanging a conditional government revenue stream for a profit one. An EDO must have a vision of where the community should go and understand how to get there. They must work with their councils to see and accept this vision, as everyone must be on the same page. It is about building a whole new governance model to guide the community, and we have to start with the basics.

- A mission statement for everyone to see and touch, for example: *“To pursue Community Economic Development and wealth generation, through the sustainable and environmentally compatible utilization of the community’s human, natural, and cultural resources in order to improve the quality-of-life for all.”*
- A five-year plan to lay out the path. This cannot be just about economics. It must include health, education, the youth, facilities, housing, social development, and other areas. It is not simply a plan. It is a strategic path forward based on a community’s priorities and goals, on their terms, and independent from outside government. The foundation of this plan should be based on the collective opinion of as near to 100% of the community members as is humanly possible to gather. If that takes eighteen months to develop, then this time should be invested.
- We need an economic development strategy to focus and motivate the lead department.
- Develop a sound set of employment and council policies including meaningful job descriptions and roles and responsibilities for everyone.
- Establish a comprehensive, all-inclusive community plan.
- Design a sound corporate structure that separates the business from the politics and has built-in mechanisms to ensure that key positions are filled by capable people, and that profits are guided by policy rather than whim.
- Finally, once the basic governance is in place, a source of wealth must be identified which is free of government strings. In concrete terms, this means you need a business or a project that will create profits to be the catalyst to jump-start this entire new economic model.

All of this will not be easy or fast, but is critical to the very survival of many of our communities. It will take what I call the five ‘I’s: imagination, inspiration, integrity, innovation, and instincts. Add to this courage and the most important characteristic for success: you need to be very stubborn! *Never* let anyone tell you it cannot be done. If you can see the goal in your own mind and your instincts tell you it can work, never let it go. Do not be intimidated by global

forces or large visions. You might find the answer in your back yard or you might find the answer in Europe or Asia. If it will provide the means to take your community to a better self-governed place, pursue it.

The key supports you need to be successful at building a community economy come first from the community and your own council. Engage them with the goal to get everyone's buy-in to the same vision and path forward. Celebrate your successes and learn from your mistakes. Find people in the outside world who are honorable and respectful of *your* unique vision of the world and never compromise your values for anything or anyone. Even if you begin small, be successful and keep going forward. You will find that this attracts positive successful people and slowly but surely you can turn your community and its economy around. Your culture is vital; therefore, practice it at every turn and build it into your new economy. Outsiders who do not buy into your way of conducting business or have different values should be passed over. This is about building a new community on the community's terms and running things their way.

### ***General Discussion Points from Workshop Participants***

In this chapter, Disney gives an account of on-reserve realities and community and economic development from the 'in the trenches' perspective of a practitioner and community member. A great number of initiatives are being undertaken in Old Masset, which, by definition, fits the description of a northern, rural, and remote community and is, therefore, a prime example in the context of this workshop. In its development strategy, the village aims for constant balancing of economic and social goals and constant attentiveness to developing the entire community. The discussion session was used to learn more details from the processes Old Masset applied and established and on which its community economic development is built.

- Facilitation of a Collaborative Planning Process

The process starts at the community level. For Old Masset, this was where the relationship with the University of Northern British Columbia (UNBC) started, because the process of consulting an entire community, developing the strategies to reach all community members, and carrying out and establishing vivid interaction with the entire community could not be achieved by one EDO on his own. Disney, as the EDO working for the Haida, initiated and drove the process, the duration of which turned out to be eighteen months. They started with community meetings, where the turnout would be an estimated 20 to 25% of the community. A small group attended every meeting; some people in that group actually spoke up at the meetings; but this was not found to be enough community involvement. The EDO needed to find out what the entire community thought and sought solutions to achieve better community representation – always with the goal of reaching 100% of the community. With support from UNBC's Community Development Institute he developed various strategies to achieve this goal. These

community involvement strategies considered those who could not come to meetings, for example because they had to take care of kids or go to work. The EDO hired young, well-liked people to go from door to door and chat with people. They approached community members on the street whose lives were in disarray, for example through drug and alcohol problems and poverty. They were present at group activities and classes, such as pre-natal classes, to get people's input. Overall, the EDO took advantage of every opportunity in everyday life to talk to people and gather their opinions, complaints, visions, insights, and plans. The general strategy for these encounters was to remain informal, avoid intimidating academic practices wherever possible, and simply have informal conversations. Community members were asked very basic questions about, for example, how they liked living on Haida Gwaii and why, or what could be done to make their lives better. This approach included more than the strong voices of Haida Gwaii's business community and those involved in Haida politics; it included the entire community, all age groups, all interests, all professions, and all living conditions.

Engaging and involving the youth was reported as a particularly rewarding experience. Disney remembers being amazed at the number of youth who showed up for the initial meeting. In an informal, comfortable, and safe environment, the youth demonstrated that they were well aware of, for example, politics and schooling issues discussed in the newspaper. They had opinions, and once someone showed an interest in what they had to say, they became very engaged in the process, which also taught them that speaking up and addressing a problem is a first step towards a solution. Being able to give their own input, being taken seriously, and receiving immediate responses to their concerns helped the youth make the community economic development plan *their* plan, as did other community members.

In the discussion, Disney reminded workshop participants again to empower the people. Start with a five-year plan, then move on to a comprehensive community plan, and then develop a strategy from the results and experiences. But never forget to involve the people.

A brief anecdote from another workshop participant illustrated how deeply rooted some problems can be in communities, and how important it is to engage the youth in fighting these problems. When working with a small group of young kids, he mentioned that he did not watch hockey, and one girl explained to the other kids that he probably did not watch hockey because he did not drink alcohol. The close association of simple everyday activities and family entertainment with alcohol is a reality in many First Nations communities and is passed on to children at a very young age. In addition, modern, individualistic media culture leads kids and families to increasingly spend time alone, each watching television or playing video games in their own rooms. When looking to effect change in the communities, the perceptions and worldviews of children have to be considered and, if pathological or adverse to their own healthy development, corrected. Community engagement and community activities not only include every community member's views but can also demonstrate a way towards renewed community consolidation and the development of healthier communities.

- Commonality in Williams and Disney's Chapters: Leadership

In both Williams' and Disney's chapters leadership emerged as an underlying theme and central ingredient to First Nations' development. One can look at leadership from different angles. Some First Nations are lucky to have an elected leadership with a vision, who know where their community wants to go and how it can get there. But for many, the question is how to find that leadership within the communities. Who will step forward to effect change? This is an important concern for many First Nations, and an example from a workshop participant's experience shows why it is so important: A chief envisioned the establishment of a development corporation for his community and called on Aboriginal business expertise for help. Once the corporate development work was done and the corporation was ready to be established, local political issues emerged. A large number of personal and political interests, ranging from hiring expectations to personal favours, brought the project to failure quickly. The Chief lacked the leadership qualities and strength to create community and council buy-in. A large number of First Nations have powerful families in leadership positions, and traditional family affiliations, rather than independent leadership qualities, guide election processes. In such situations, nowadays, it seems to be the younger generation who finally stands up to parents or relatives and encourages them to elect someone who has leadership qualities instead of relying on family ties and affiliations alone; the youth are starting to break that cycle.

- INAC Third-Party Management Structures Pose Additional Challenges

Additional challenges are faced by some reserves which are under INAC management. In these cases few resources reach the community beyond social welfare. But one participant recalls accounts of First Nations from Saskatchewan who try to regard third-party management as an opportunity. A leader of a First Nation in this situation stated that, when his community is under third-party management, community leadership can shed responsibility for problematic family politics and can actually focus on achievements like community and local economic development. This account is an interesting take on what is often seen as a troubling circumstance, and it shows again that leadership, in this case within the INAC system, is needed to bring progress and development to communities.

## 4.0 Economic Development Tools

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### 4.1 Economic Development Tools in Aboriginal Communities

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#### *Introduction*

Our collaboration began five years ago and combines our research interests in community planning in small northern communities with entrepreneurial development. We decided to direct the focus of this combination to First Nations communities in British Columbia (BC). Apart from research, our work includes business development workshops for BC First Nations. We would like to acknowledge research support we have received from the University of Northern British Columbia and from the Social Sciences and Humanities Council Canada.

After examining existing studies and literature, especially a US study called the Harvard Project on American Indian Economic Development (HPAIED), we realized that there are some Aboriginal communities featuring highly successful economic development while other communities continue to struggle. Our project looks, in particular, at governance structures within the communities, namely how communities govern themselves and how they deal with community, economic, and business development elements within their governance structures. The relationship between these governance elements can be either developmental and growth-oriented or detrimental to community development.

As part of our ongoing project, we launched an internet-based survey to all of the approximately 200 BC First Nations in January 2010, for which we received support from the



First Nations Summit and from First Nations students who acted as liaisons between us and the communities. The survey explores BC First Nations' business activities and success factors in First Nation economic development. The survey achieved an exceptional response rate of over 40%, and we are currently reviewing the results. Two early, very foundational realizations from our interaction with many BC First Nations are that (1) Western European culture, which has been forcefully imposed on them, does not hold the answers, and that (2) each Nation is unique and needs to develop and choose its own approach.

This chapter will present research findings related to Aboriginal economic development, including the importance of traditional values and beliefs as basic foundations for business and economic development among BC First Nations, and will introduce three corporate governance models and their implications for Aboriginal economic development, as they can be found in some form among BC First Nations.

### ***Aboriginal Economic Development Research***

Common conceptions of economic development are that it relies on strong location, resource endowments, and education attainment levels among the population. However, the HPAIED holds that these are not centrally important factors for most Aboriginal communities. Instead, their economic development successes depend on self-rule, capable institutions of self-governance, culturally appropriate approaches, and strategic orientation. The importance of strategic planning is what makes our collaboration relevant for First Nations as we combine economic development and community planning aspects.

A couple of examples from the HPAIED demonstrate and support their findings. The Crow Nation in Montana features a strong location with rich natural resources and a comparatively large population with high education levels. Yet they have extremely low levels of economic development and their annual revenue is nowhere near what their resource and human capital would lead one to expect. On the other hand, the Potawatomi Nation in Oklahoma deals with poor market location, lack of natural resources, and low education attainment levels but features very high levels of economic development.

### ***The Standard Approach***

Our observations of a widely applied standard approach to First Nation economic development coincides with what Disney describes earlier in this volume. Similar to what the HPAIED depicts, this commonly applied approach, as we have witnessed it in many BC First Nations communities, is based on a short-term, non-strategic focus. Outsiders, essentially government agencies, determine the development agenda. Elected leadership is reduced to the role of distributor of federal and provincial government resources; community governance is merely in charge of delivering or responding to it. Economic development is narrowly treated as a purely

economic problem, not as an opportunity with far-reaching community development implications. This means that, if jobs and income are needed in a community, the short-term focus of any development activity is on creating as many jobs and family incomes as possible. Furthermore, indigenous culture is often regarded as an obstacle to economic development. This approach promotes the replacement of traditional cultural practices with Western European business values and practices. This approach creates high levels of dependency of individual members on the band and dependency of the band on government funds and programs.

The following description of the typical six-step development process under the above-described standard approach is exaggerated for the sake of clarity; however, for many First Nations, this is the reality of their economic development undertakings.

Elected leadership, often Chief and Council, instructs the economic development officer (EDO) of the band to identify business ideas and funding sources. In the next step, the EDO or planner applies for federal grants or other funds and responds to ongoing outside initiatives. In concrete terms, the findings of our research in many case study communities show that Indian and Northern Affairs Canada (INAC) develops programs, First Nations respond and apply, and INAC decides if and how projects are carried out.<sup>3</sup> As a result of this system, leadership and planners are limited to responding to outside ideas instead of developing their own ideas in response to real opportunities in their community, which should be identified within their culture and may be unique to their location or situation.

Some of the underlying political issues of this system, evident in many communities, are the connection between First Nation politicians and their political supporters, who are appointed to execute development projects. This mutual political and personal or business support means that elected leadership micromanages enterprises and programs where personal or political interests can easily conflict with sound business management. In the end, everybody hopes for a successful project but success rarely lasts.

Although there are exceptions, the typical results of this standard approach include failed enterprises; politics of spoils, in which resources are wrung out as fast as possible before a business fails; and economies that are highly dependent on federal funding and federal decision-making. The problem with decision-making is that the system invites, almost enforces, INAC dependency. As a result, community members and leaders have no incentives and opportunities to learn decision-making within their community structure, and leadership and decision-making expertise are lacking in many communities.

Adding to this self-reinforcing state of dependency and passivity, imposed on communities by the INAC system, 'brain drain', especially among youth, leaves communities without succession plans and human capacity. We have met young First Nations professionals in cities like

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<sup>3</sup> In his chapter in this volume, Disney elaborates on some of the exact processes and risks of this procedure.

Vancouver and Prince George who feel very passionate about returning to their communities to help them and be an active part of them. Unfortunately, they see no opportunities there.

Overall impressions of incompetence and chaos undermine tribal sovereignty. The onus to prove that they are able to make their own decisions seems to be on the First Nations communities and leaders; but since the system has left many of them without the needed expertise, the government insists that First Nations communities are in need of outside control. Thereby, the INAC system further reinforces itself into a cycle of dependency with the end result of continuing poverty for many First Nations.

The HPAIED researchers concluded that the standard approach is not a solution to indigenous economic development. The list of economic development barriers for nations who practice this approach is long, and it seems discouraging as well as inefficient and ineffective to address all or individual barriers under this approach in an attempt to achieve sustainable economic development. Instead, they identified factors that generally play a role in economic development and examined the levels of influence an indigenous group is expected to have on each one. Table 1 is an adaptation of the HPAIED list of factors that play a role in economic development and the level of control of First Nations over each one. The factors most likely to be influenced by First Nations are strategic planning, institutional precautions for a healthy connection between business and politics, the nature of corporate boards, community education, and good business practices. Consequently, the most promising approach to economic development is one that addresses the areas of which First Nations can take control.

**Table 4 Economic Factors and First Nation Control**

Examples of Factors Affecting Enterprise Outcomes	Degree of First Nation Control		
	<i>Low</i>	<i>Med</i>	<i>High</i>
External economic conditions	X		
Market behavior	X		
External regulatory environment	X		
Federal/provincial policy	X		

Clarity about enterprise objectives			X
The politics-business connection			X
Composition, purpose, and power of corporate boards			X
Independent resolution of disputes		X	
Community education			X
Good business practices			X

Source: Adapted from HPAIED.

### ***The Nation-Building Approach***

After studying the standard approach and its downfalls and identifying economic development factors and the level of indigenous control over them, HPAIED researchers developed a more promising approach to indigenous economic development, the nation-building approach, which looks at economic development as a more widely defined political problem as opposed to a strictly economic one. The building blocks of this approach are sovereignty, institutions, cultural match, and strategic focus.

*Practical sovereignty* in the sense of actual decision-making power requires being able to learn to depend on oneself and carry the consequences. It places decision-making in the hands of First Nations communities and gives them a chance to learn from mistakes. As such, it is an opportunity for First Nations to re-establish and re-learn a causal relationship between decisions and their consequences.

Effective *governing institutions* should be designed to confine politics to its purpose and strengthen it in its role of visioning and guidance. Institutions separate politics from day-to-day business management, which requires business expertise and a focus on sustainable management practices. In addition, institutions determine the ‘rules’ for business activities in a community and, therefore, give investors certainty and trust in the system.

As mentioned above, *indigenous culture* is not, as many Western European economists and politicians have insisted in the past, counterproductive to economic development; on the contrary, it is vital to successful projects. A community can only be expected to accept them,

take ownership, and show support and active participation if governance institutions and development activities are built on community values and customs.

*Strategic orientation* means moving away from short-term solutions and separating development from factional interests. A strategy provides a long-term vision and goals: What kind of community are we trying to build? Where do we want to be in twenty years? How do we get there? Sustainable long-term strategy forbids investments in projects only because INAC offers funding for them and instead dictates to search for suitable, sustainable projects that answer community needs and are in line with the strategic long-term goals.

Nation-building means building leadership and allowing leaders to lead, to make mistakes, and to learn from those mistakes. It means moving away from distributing resources according to someone else's plan and moving towards institutional and strategic foundations for sustained economic development and enhanced community development. We have encountered amazing examples of strategic vision and sustainable development among BC First Nations. For one First Nation, for example, the reality of this approach means that they have a lot of money in the bank but they are waiting for the right opportunity to invest it, refusing to take advantage of the first available opportunity only for the sake of investing.

### ***Community Governance***

Community governance is concerned with the distribution of powers, responsibilities, accountability, and an organization's goals and performance. Considering the findings of the HPAIED, we looked for ways to apply them in a BC First Nations context and explored a number of models. Initially we started out by comparing two widely applied and accepted models and their suitability for the context of First Nation economic development.

The first model is the *shareholder model*. Its main focus is on profitability and shareholder wealth. Primarily, financial investors assure themselves of getting a return on their investment. The underlying interest is mainly the self-interest of the participants.

In comparison, the *stakeholder model* goes beyond shareholder interests and includes an entire community of stakeholders. This mostly European approach displays a strong interest in community goals by including not only owners, suppliers, and customers but also the impacts on an entire community. The model itself spells out the rules and procedures for making decisions on corporate affairs. It is a system by which business corporations are directed and controlled, and the corporate governance structure specifies rights and responsibilities among a board, managers, shareholders, and other stakeholders, which could be a community, the environment, or a customer base.

Our research interest was to find a way to improve quality-of-life in communities, and the stakeholder model works very well for First Nations communities in that it addresses the

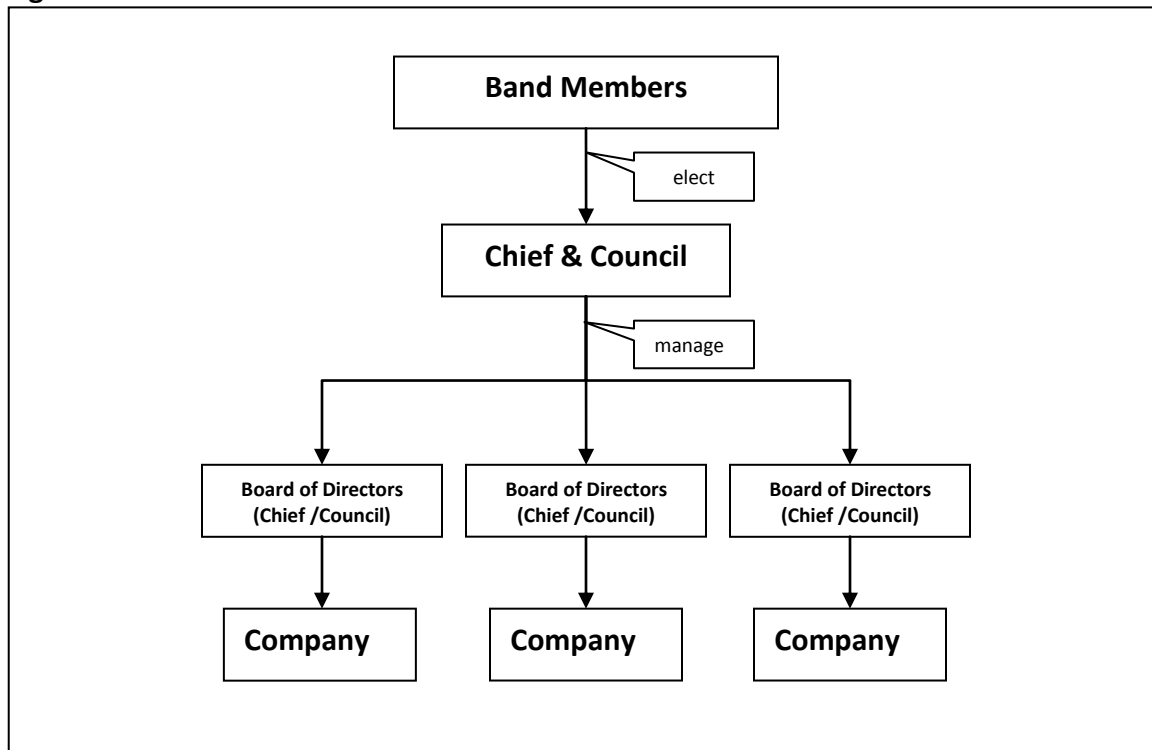
interests of the entire community and also leaves room for their own preferences and priorities; whether a community economy is based on community-owned or private enterprises, the number one goal is the improvement of the community quality-of-life.

### ***Economic Development Models***

Our next step was to identify approaches to economic development that are currently found among BC First Nations. We found that these approaches fit into three categories for which we developed models, the INAC model, the economic development corporation, and the modern model.

The *INAC model* (see Figure 1) is imposed on First Nations and, therefore, not necessarily culturally compatible. Some of the downfalls of the INAC system have been described above. Looking at the organizational governance structure, the Board of Directors (BoD) of each business consists solely of elected leadership, in most cases Chief and Council. This means that elected officials have access to and are involved in daily business operations of band-owned businesses. Band members, under this model, depend on leadership qualities and reliability of their leaders as there are no mechanisms to provide checks and balances.

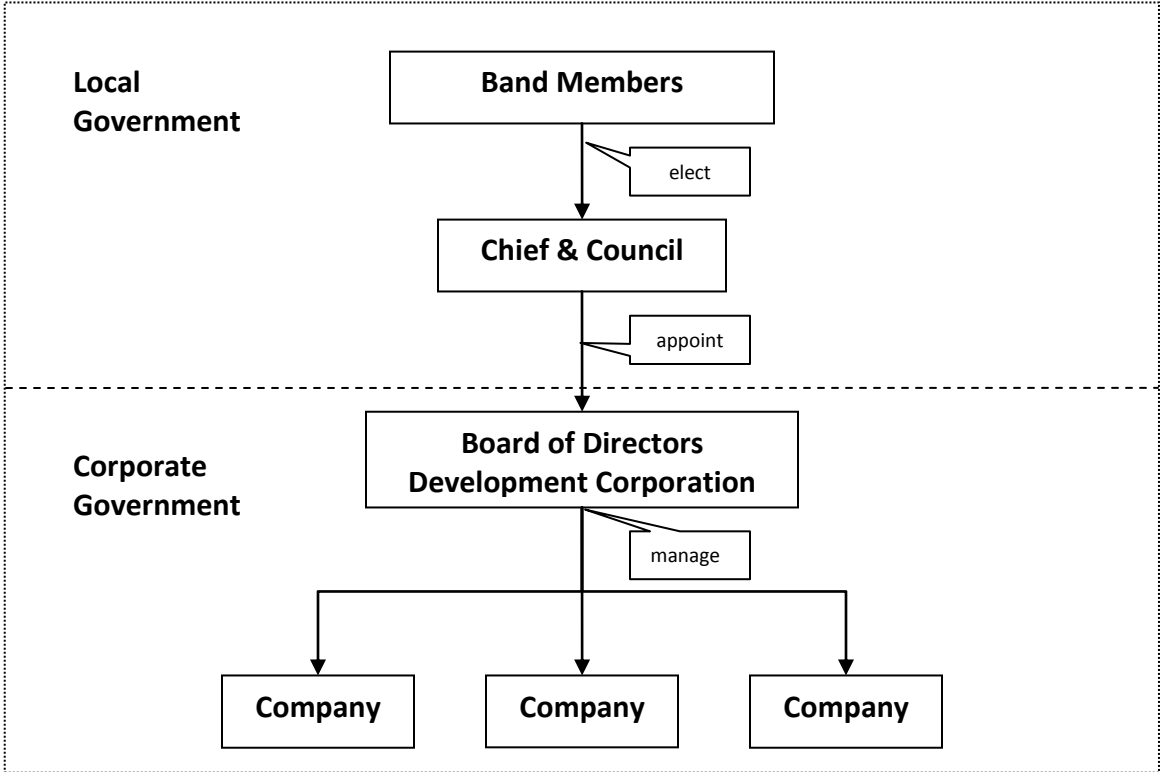
**Figure 3 INAC Model**



Source: Curry and Donker Presentation (November 2010).

The next model we encountered among First Nations is the *economic development corporation*. The structure of this model shows a certain degree of separation between business and politics, which depends on being respected by Chief and Council. It works for many First Nations communities and can be very effective in meeting community goals and providing financial security for community members. The economic development corporation is established by the community or community leadership, which makes it more appropriate and convergent with community goals and values than the INAC model. The model sets out to avoid frequent BoD changes with every Council election to ensure business continuity. However, one of the characteristics shown in Figure 2 is that a BoD is appointed by elected leadership without direct community involvement.

**Figure 4 Economic Development Corporation**

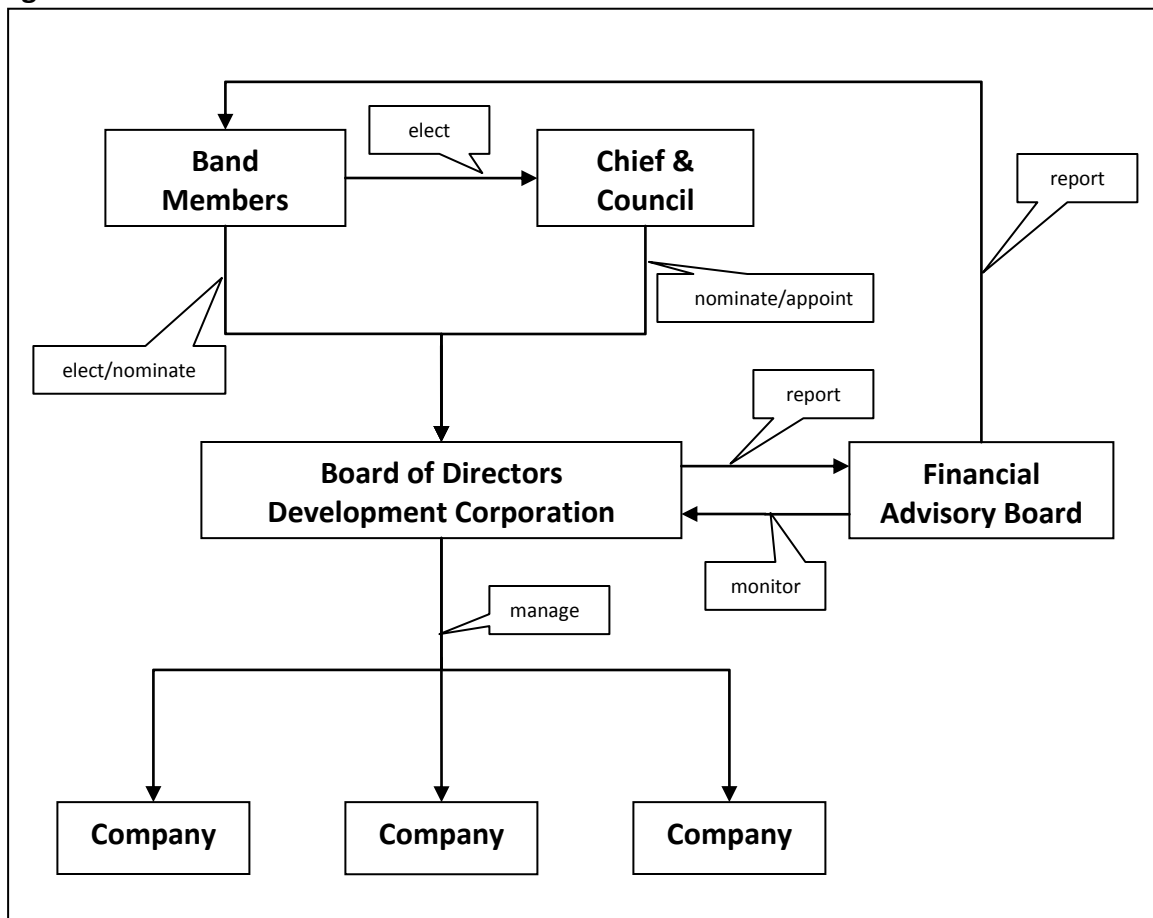


Source: Curry and Donker Presentation (November 2010).

In the third category of approaches, we recognized the nation-building approach and the incorporation of various best practices as identified, for example by the HPAIED. Our model of this category is the *modern model*. One of its core characteristics is staggering BoD terms to maintain continuity and to increase distance from band politics. Band members are directly involved in appointing and electing the BoD. The overall relationship between politics and businesses becomes more balanced than in the previous two models, since Chief and Council have less influence on nominations and appointments, and the BoD and a Financial Advisory Board are responsible for monitoring the activities of the development corporation.

The positive features of this model are open and transparent processes, increased community involvement, business monitoring and managing, checks and balances, and a high degree of independence from politics. The monitoring bodies are allowed to oversee management, but they can only intervene if strategic boundaries in management and operations are overstepped. The powers and responsibilities, as well as the limitations thereof, have to be determined in a framework of by-laws and organizational regulations in advance. Such a framework has to consider, for example, if councilors can be directors, and it has to ensure that the right kind of expertise is available for all entities and processes of the model. Regulations should reflect community values. In order to guarantee expertise and capacity, communities should aim at training their youth but not shy away from importing expertise to bridge temporary capacity gaps.

**Figure 5 Modern Native Model**



Source: Curry and Donker Presentation (November 2010).



## ***General Discussion Points from Workshop Participants***

Especially the last model of on-reserve economic development was of great interest to all participants, practitioners and scholars alike, and led to a plenary discussion about individual model features and their implications and effectiveness.

- Separation of Politics and Business

The levels of separation of business and politics as well as the means to achieve independence from political interests and interference were a concern to most participants. Should, for example, Chief and Council be represented on the economic development corporation's BoD? And if yes, to what degree? One suggestion was to balance representation by allowing a certain number of Council members in addition to independent members. In order to include and represent a wide range of interests and expertise, a BoD could feature outside members, for example bank representatives; entrepreneurial expertise; and community members. Minimal Chief and Council representation was considered desirable by some participants as the community government representatives' important role is to give strategic direction; at the same time, Council involvement is expected to foster Council buy-in and support.

With respect to the inclusion of Council members, an earlier example of a failed economic development corporation, introduced in an earlier discussion, was deliberated again. In that case, when Chief and Council realized they were not to be involved in day-to-day business management, they were dissatisfied and soon brought the endeavour to an end. This shows that business and governance leadership needs to be able to 'sell' the model and needs to consider the importance of buy-in and support from the community and its government.

A typical BoD was characterized as consisting of one elected leader and a number of community members. A good mix of qualifications and common sense, according to participant's opinions, should suffice to overrule erring leadership interests. Yet, there remained a degree of skepticism among some participants, who still saw potential for politics to filter down into the business management aspects of the modern model.

- Business Management

Community enterprises have to be embedded in a strategic framework. This includes arrangements for the distribution of available funds and the redistribution of revenues. In communities with a very communal orientation, the question of how wealth is distributed back to the community is important and can be a determining factor in community and business development.

One of the strengths of the economic development corporation and the modern model is the potential to establish a strong social service focus in its revenue redistribution strategies. In addition, business growth can be steered and fostered by reinvestment strategies. There could, for example, be agreements with each of the businesses determining a percentage of the revenue that is directed towards community benefits. This should be captured in detail in a strategic framework. Moreover, to ensure good business decisions, transparency, and strategic focus, the regulative framework can, for example, determine that the Financial Advisory Board is to be involved in expenses that exceed a certain amount.

Moreover, the modern model was identified to have tax and management implications. As long as the businesses service the citizens, or community members, even companies located off-reserve could be non-taxable under municipal regulations. This opens up additional business and investment opportunities for a community and for the economic development corporation.

- Community Independence

Another aspect of self-directed community economic development is community independence. Someone shared experience from a case study of a community which is not only very entrepreneurial but also has built great capacity to access available funding. This enables the community to be innovative and develop its own business ideas and, more importantly, to generate its own financial resources and achieve independence from the government and from outside funding availability. This kind of independence is needed and envisioned by many First Nations communities, but in order to enable them to implement their development ideas and take control of their development, they need readily available funding for their own ideas, as opposed to funding for predetermined government ideas.

- Concluding Remarks

Participants agreed and emphasized that good leadership qualities and strategic vision are prerequisites for any form of successful development and for any institutional or strategic framework. In addition, it was noted how vital it is to have a theoretical framework firmly in place before the first dollar is earned. All eventualities as well as reinvestment and redistribution strategies have to be conceptualized and officially regulated in advance. This ensures that the strategy is developed before the temptation of available money can compromise business decision-making.

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## 4.0 Economic Development Tools

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### 4.2 Governance and Development Partnerships: Useful Tools for Economic Change?

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#### *Introduction*

It is an honour to contribute to this volume on northern Indigenous economic development and to share my experience as leader of the Research and Development Project for Local and Regional Development Partnerships and Workshops (hereafter referred to as the Project). This chapter aims to draw attention to the development of partnerships and governance networks that the Finnmark University College (FiUC) and the UArctic Thematic Network have initiated and been involved in since 2003 (Finnmark University College website; UArctic website). More precisely, how do these partnerships and networks function in relation to Sami communities and municipalities. I will explore whether they have been useful tools for the local population in dealing with the social and economic problems these communities are facing. In my attempt to answer these questions, I will draw on my experiences from two development workshops with four Sami municipalities in Finnmark, beginning in Tana in 2004; followed by the Avjovarri Indigenous Region, a new inter-municipal and regional corporation established in 2006 by the Sami municipalities of Kautokeino, Karasjok, and Porsanger in the County of Finnmark.

The question mark in the title refers to steering problems experienced in local and regional development projects and processes in the municipalities in question, which are most likely similar to problems in other regions and communities. In this chapter, I will address new forms and mechanisms of steering and coordination, particularly the organization of local

development partnerships and networks and their potential to solve these problems; to realize goals; and equally important, to lead to more accountable, transparent, and democratic decision-making processes. The political, social, and economic problems Nordic communities and societies are facing, in central areas and in the periphery, are becoming increasingly dynamic, complex, and fragmented. This requires new ways of dealing with them. The new governance, partnership, and network organizations that are emerging in northern regions, including remote rural areas of the Circumpolar North, are one of many answers to these changes and challenges in our societies (see for example Aarsæther 2004; Aarsæther et al. 2008; Goss 2001; Halseth et al. 2010; Healey 1997; Kooiman 1993; Moseley 2003; Newman 2005; Peters and Savoie 1995; Sørensen and Torfing 2007). How are they organized, how do they function in the northern periphery, and how do they compare to those we find in more central regions farther south?

### ***The Research and Development Project for Local and Regional Development Partnerships and Workshops***

#### Partners and Institutions

The Project was initiated in 2003 by the FiUC in cooperation with rural municipalities in Finnmark. When FiUC and other regional development agencies realized that there was a lack of necessary knowledge and capacity to address the challenges that rural municipalities in Finnmark were facing, the FiUC Resource Group was formed to provide capacity and expertise through the Project.

In 2004, the Gargia Conference on Regional Development in the North was launched for the first time as a meeting place for local and regional development agents and faculty members from FiUC involved in the Project. Apart from being an important meeting place between representatives of municipal authorities, the local business community, civil society organizations, regional and national development agencies, and faculty members, the Gargia Conference was established first and foremost to help remote and sparsely populated rural communities in Finnmark to build the capacity most relevant to solving social and economic challenges. The Conference is an important vehicle for a variety of development partnerships and networks between stakeholders and agencies on the local, regional, national, and international level.

Since the UArctic Thematic Network on Local and Regional Development was established in 2006 and began its involvement in the Project, it has represented FiUC in the local and regional development partnerships established in northern Norway and Russia. The UArctic Thematic Network supplies additional capacities through contact and cooperation with other education and research institutions in Norway and throughout circumpolar countries. In 2007, the Thematic Network took over responsibility for putting on the Gargia Conference. The

international dimension of the Gargia Conference has become increasingly important, but some critics say that this happened at the expense of local cooperation. The participation of Canadian, Finnish, and Russian experts in originally Norwegian regional development initiatives has, however, greatly contributed to the understanding of development problems that small, remote, and sparsely populated rural municipalities in Finnmark are facing. Canadian and Russian Thematic Network partners, in turn, learn from the Norwegian approaches to capacity building for change and development in northern and rural communities.

### Evolution of the Project

The first local development workshop in Sørvær, a small coastal community with a population of less than 300, was organized by the municipality of Hasvik in 2003. The cornerstone business of the community, a local fish processing plant, had gone bankrupt, and close to 50 individuals were suddenly laid off. The local crisis was triggered by problems on a larger scale impacting fisheries along the entire coast of Norway, caused by scarcity of fish as well as global market fluctuations. The community turned to FiUC for help and the Project evolved from that initial problem- and solution-oriented collaboration. The focus on solutions is one of the strengths of the Project.

Since 2003, the Project, as well as related programs for social and economic development, have achieved overall positive results in remote, sparsely populated, rural communities in Finnmark, the northernmost county of Norway, and later in rural Arkhangelsk, Yakutia, and the Komi Republic in Russia. These successes are mainly due to the combination and integration of the different projects and programs, which are considered 'tools' of change and development. Since the first inter-municipal development workshop, education, research, and development work have gone 'hand-in-hand'. For close to ten years, the integration of experience and theory-based knowledge and expertise has been both an important objective and useful method for our own capacity building within the Project as well as for the social and economic development projects and processes in northern Norway and Russia.

However, the Project is very resource demanding, especially in terms of human resources. Even a group of approximately 30 faculty members only offers the capacity for planning and organizing, at most, one to two development workshops per year. Because of the academic schedule, the local and regional development workshops are limited to a short time period from early May to mid June. These human resource limitations mean that the FiUC Resource Group is unable to assist all of the small municipalities that are requesting help. We have identified a list of priorities and decided to alternate workshops between coastal and inland, western and eastern communities of Finnmark, and to include Sami communities, and respond to the most urgent needs throughout the county.

Apart from that, funding shortages pose another limitation to the project. Fortunately, the planning and organization of development partnerships and workshops does not require a lot



of funding. While the workshops have been successful in contributing good, concrete, and realistic social and economic projects, it is the implementation that constitutes a financial burden. In some of the development workshops, both in Norway and Russia, the total number of productive projects identified have been close to 50, but budget constraints have forced us to limit our focus to around 25 in order to maximize the community benefits of each project. So far, beyond the planning and organization of development partnerships and workshops, we have been able to fund most of the high priority follow-up projects in Norway and Russia, including specialized business schools aiming to support new entrepreneurs and expand or diversify existing businesses.

The main objective for faculty members of the FiUC Resource Group and for regional project and network partners has been capacity building. The mixture of education, research, and development work; practitioners and academics, including professors and students; and experience, theory-based knowledge, and capacity characterize the innovative approach. It has become obvious that the municipalities in most need of outside help are the ones with small populations between 850 to 1,500 people. They generally have the most serious social and economic problems and often lack the capacity needed to instigate necessary changes and effectively implement assistance. They are fully occupied with daily survival and in need of adequate expertise, funding, and most critical of all, organizational capacity in order to respond to socio-economic challenges. In such a situation, long-term planning and community economic development become luxuries they cannot afford to spend time and resources on. These local capacity issues are reinforced by dramatic increases in out-migration in times of crises.

The lack of capacity and the means necessary to respond successfully to social and economic challenges can be addressed by joining forces with neighbouring communities and municipalities. Voluntary inter-municipal and regional cooperation, both in central areas and in the periphery, have been encouraged by central government and state development agencies as solutions to the capacity problem in smaller municipalities. Through the Project, we have taken this idea one step further to regional development support, information sharing, and learning networks, or 'regional innovation systems', a term often used in literature. Partnerships between local development agents and public agencies, private and civil society, municipal authorities, and FiUC have been an important part of the Project as well as part of the explanation of its success.

The Project has facilitated cooperation with regional and state agencies, including the Executive Committee of Northern Norway, the Economic Development Department of Finnmark County Administration, the Norwegian State Housing Bank, the Ministry of Education and Research, the Ministry of Municipal and Regional Affairs, the Ministry of Foreign Affairs, and the regional branch of Innovation-Norway, a state agency specialized on the development of small and medium size businesses. The focus of many agencies and institutions is to provide support for economic development at the community level. However, many of the businesses in the rural communities of northern Norway and Russia are micro businesses with one or two employees,

and while most of them would benefit greatly from capacity building initiatives, they are not a priority for agencies such as Innovation-Norway.

The Project aims to build capacity in the communities to facilitate self-help. The local and regional partnerships we have helped to establish are geared towards gradually taking over the tasks and functions of the Resource Group at FiUC, which offers initial support and capacity. Long-term three to ten year partnership agreements signed with state development agencies or education and research institutions serve as a security net for the small rural municipalities in the northern periphery. In the few cases where the local and/or regional partnerships cannot provide the necessary assistance, they can rely on help from the regional and international development networks that are established for that purpose, such as the UArctic Thematic Network on Local and Regional Development.

Beyond capacity building in the communities, the research and development projects and programs channeled through the Thematic Network aim to build academic and practitioner capacity by developing and implementing new education programs adapted to the knowledge and capacity needs of the communities and regions represented by the Thematic Network. This includes a wide range of programs from practical, problem-solving training programs for new entrepreneurs, to Master's Programs in Northern Governance and Development. The use of Evaluation and Learning Workshops in cooperation with municipalities facilitates the integration of theory and experiential knowledge. Apart from involving students in the field work, we invite practitioners to teach on campus or at the Evaluation and Learning Workshops. The municipal partners contribute to the evaluation of course and workshop material in order to ensure an optimal fit between the program and Finnmark's capacity needs.

Through the UArctic Thematic Network on Local and Regional Development, we have promoted the organizational model of the Project to national and international partners, especially in northern Russia. An international platform for local and regional development allows us to share knowledge and capacity throughout the Circumpolar North while building capacity within the Thematic Network.

In spite of cultural, social, and political differences, the international cooperation has shown that we have a lot to learn from each other. The Network is, therefore, promoting more comparative research, in addition to joint research and development seminars, workshops, and conferences, such as the *Understanding Indigenous Economic Development in Northern, Rural, and Remote Settings* workshop organized by the University of Northern British Columbia's (UNBC) Community Development Institute (CDI) and the Aboriginal Business and Community Development Centre in Prince George.

The Norwegian municipalities participating in the Project have benefited directly and indirectly from the internationalization of the Project. For example, at the 2009 Gargia Conference, representatives from four of the nine participating rural municipalities had an opportunity to learn from Professor Greg Halseth's presentation on how remote, rural communities in

northern British Columbia are coping with global, regional, and local challenges, including partnership agreements between northern communities and higher education and research institutions such as UNBC and the CDI. Practitioners and academics from northern Norway and Russia, also present at the conference, shared their related knowledge and experiences with the Canadian professor. Through solution-oriented presentations, group work, and plenary discussions, our knowledge and understanding of northern community challenges and solutions increased substantially, a process that will lead to more realistic and effective coping strategies.

With the internationalization of the Project, quality control through evaluation mechanisms has become more complicated. The Bachelor in Northern Studies, especially the advanced program in Management of Local and Regional Development (MLRD), has increased the demand for a similar training program on a higher academic level. However, the realization of a joint international Master's Program in Northern Governance and Development, based on the model of the MLRD program, has turned out to be more difficult than expected. The Thematic Network and a partnership organization especially established for this purpose are developing the program, and it is expected to become available to Canadian, Norwegian, and Russian students in the fall of 2012 with a possible title change to Rural Development. The demand for an academic program focusing on development challenges in remote, sparsely populated, and rural municipalities in northern Canada, Norway, and Russia expressed by students from the Circumpolar North, as well as Central and Southern Europe, underlines the urgent need for such a program. French, Italian, and Spanish rural and small town case studies demonstrate similar socio-economic challenges in southern Europe and will be included in the curriculum (Moseley 2003). A need for more comparative research into the variety of conditions for change and development in northern as well as southern, eastern, and western rural peripheries has also become evident. Broad comparative studies will help us to better understand the development challenges Indigenous and non-Indigenous communities in the North are facing.

### ***Sami Involvement in the Project***

From the beginning of the Project, involved academics and institutions have been very much aware of and focused on the special development challenges faced by Sami and other Indigenous peoples and communities of the North. Wherever it promises benefits and advantages, we promote cooperation between Indigenous and non-Indigenous communities and municipalities. Most of the Sami, the only people with Indigenous status in Norway, live in Finnmark. The territory of Finnmark is divided into 19 municipalities, five of which are Sami, including Kautokeino, Karasjok, Porsanger, Tana, and Nesseby. The number of inhabitants varies from 890 in Nesseby to approximately 3,000 each in Karasjok, Kautokeino, and Tana. All of the Sami municipalities in Finnmark are included in the Project.

More than half of the population of the County of Finnmark lives in the three urban municipalities of Alta, Hammerfest, and Sør-Varanger. These municipalities have enough

human, social, and economic capital to take care of the population in their own communities. Through different inter-municipal arrangements or bodies of political and administrative cooperation, such as West- (and East-) Finnmark Regional Council, some of the larger municipalities also have the capacity to support socio-economic development in smaller rural municipalities and communities.

Unfortunately, there is limited inter-municipal or regional cooperation between Sami and Norwegian municipalities in Finnmark. In 2004, Kautokeino applied for membership in West-Finnmark Regional Council, but was surprisingly rejected by a majority of the Norwegian municipality members of the inter-municipal organization. In the fall of 2005, some of the Sami municipalities of the County of Finnmark asked FiUC for help in finding an organizational model for a regional Sami entity, and in solving the seeming contradiction between cost reduction and access to quality public services, especially education, health, elderly care, social work, and child protection. In June 2006, after six months of joint planning, the Avjovarri regional development workshop was organized by the Resource Group at FiUC, in Hetta, Finland.

In August of the same year, Avjovarri Indigenous Region, consisting of the municipalities of Kautokeino, Karasjok, and Porsanger, was established by a majority vote of local governments in the three municipalities. All three municipalities were hoping to solve budgeting problems, at least partially, by increased inter-municipal cooperation, integration of public services, and introduction of a common communication and economy steering system. Other lower priority issues included cultural integration, identity formation, and economic development.

Other Sami institutions and entities are partnering with the Project in order to support and facilitate community economic development in Sami communities. The main educational institutions of the Sami people in Norway are two high schools and a university college, the Sami University College. Through the Project and the UArctic Thematic Network, FiUC has established cooperation with the Sami University College, the Norwegian Sami Parliament, a Sami consultant firm (SEG), and Gaisa Business Park, a unique Sami business park with the objective to create a common business platform for Finnish, Norwegian, Swedish, and Russian Sami.

Since the organization of Avjovarri development workshop in 2006, FiUC has been cooperating more closely with the main research and educational institutions of the Sami people and with the Sami Parliament, especially the Department for Cultural and Economic Matters. In 2007, FiUC, in cooperation with SEG, developed the first course program in Community Development in Indigenous Regions of the North.

## ***The Project in Practice: Examples of Successes and Need for Improvements***

### The Case of Tana: From 'Image Building' to Local Development

For almost 200 years, Tana River (*Deanu* in Sami) has been known for its excellent salmon fisheries. Tana River, which marks the border between Norway and Finland in Eastern Finnmark, has not only lent its name and reputation to the municipality on the Norwegian side, but has also 'for as long as the river has been running' been the main life nerve and livelihood for all the communities built along the river, on both the Finnish and the Norwegian side. Today, salmon fishing in the river is still an important income source for the local population in general and for tourist enterprises in particular.

Education, research, and development cooperation between FiUC and the Sami municipality of Tana dates back to the 1970s. A development workshop organized in Tana in 2004 was in many ways just a continuation of this long-lasting and ongoing cooperation. The success of the research and development project is most likely also a result of the good relations – social capital – created through this long-lasting cooperation.

Economically speaking, Tana has been one of the most successful rural municipalities in East Finnmark, with a diversified and strong local economy based on transport, construction, and engineering. At the same time, it is the second-most important municipality in agriculture in Finnmark. The professionally operated local fisheries and the reindeer herding businesses secure a stable income to the people directly involved and also to community economy and the municipal administration. The population of Tana consists of a variety of nationalities, including Sami, Norwegian, Finnish, and a rapidly growing group of highly educated Russian immigrants. The ethnic mixture creates a special dynamic that stimulates both social and economic development in the 11 rural communities of Tana.

Population changes in Tana from 3,600 in the 1970s to just below 3,000 today are negligible when compared, for example, to Hasvik where numbers dropped from 2,680 in 1968 to 930 in 2010. The political leadership in Tana has always considered education a high priority. Apart from a high school and agricultural school, the municipality has launched a prestige project called 'The House of Knowledge', which offers a great range of university level programs on-line and on-site, including opportunities for a Master's Program in Public Planning. Moreover, Tana representatives are participating as instructors in a number of FiUC local and regional development programs.

In 1995, a negative development put Tana, and in particular the Sami community of Skiippagurra, on the map, including prostitution, alcohol, and drug trafficking from Murmansk, a nearby Russian city. Within a couple of years, the massive prostitution traffic from Russia had almost destroyed the social fabric of Skiippagurra and the nearby communities. The problem was not solved until 2001, when the municipal council of Tana criminalized the sex trade

through a bylaw, and for ‘health reasons’ closed the camping sites where the prostitution activities were practiced. By then, the regional, national, and international reputation of Skiippagurra and Tana was dominated by media coverage of scandalous and illegal activities. The Skiippagurra syndrome had become a social stigma and a problem for the entire population and was threatening to result in massive out-migration. In 2003, the municipality of Tana received funding from the Ministry of Justice to re-develop its reputation. Tana approached FiUC for help.

After a public meeting about branding and image-building in the municipal centre in May 2003, Tana and FiUC decided to establish a development partnership with the municipal authorities and SEG as the main partners. Together, the partners planned and executed a local development workshop in June 2004 with focus on image-building as a first step. The narrow focus turned out to be a limiting factor for any kind of broad and integrated cultural, social, and economic development process proposed by academic participants, and there was a risk that municipal senior management would get distracted by quick, but superficial, solutions.

In the follow-up discussions, the FiUC Resource Group suggested that the municipal council should establish a separate local partnership with participants from the municipality, SEG, the local business community, and the voluntary sector, with the purpose of producing a local development program for the whole municipality. FiUC proposed to help with process consultancy, and expertise in the different areas of work of the partnership, if required. At the same time, the mayor and council commissioned a study of the living conditions of people in Tana.

In spring of 2005, Mai Camilla Munkejord from FiUC presented her report *The Good Life in Tana* to the municipal council and the development partnership. Approximately one year later, the leader of the business association and the development partnership completed and presented the *Local Development Program*. Neither of the documents suggested any radical changes in local government organization and function, but both stressed the need for closer cooperation between local authorities and the business community, not only in relation to economic issues, but also other issues concerning the community. It was also recommended that the civil society, or the voluntary sector, become more involved in social and economic development projects and programs initiated by the municipality.

After initial insecurities on the part of Tana administrative leadership and temporary ‘shelving’ of the documents, representatives of voluntary organizations and businesses began to inquire about the partnerships and about municipal action plans. The opposition in the municipal council supported these inquiries and claims for action. Finally, a development strategy based on the reports was incorporated into the *Municipal Master Plan*. The legitimacy of the partnership and the support of the open and inclusive process from the local population were determining success factors.

During the two years it took to produce a development strategy for Tana, the participants from the municipality, the business community, and the voluntary sector learned to know, respect, and trust each other. The new, positive climate and preference for cross-sector cooperation in addressing common issues or problems in the municipality also spread to the municipal council and administration and to the business community and their different local interest organizations.

Through the process, SEG and Gaisa have not only partnered with the municipality of Tana but have also become involved with FiUC and UArctic Thematic Network programs. Together with the Sami Parliament, they hosted an excursion for Indigenous representatives from Canada and Russia after the Gargia Conference 2010. Furthermore, SEG has helped FiUC to develop a bachelor module in Community Development in the Sami Region. The expertise of the director of Gaisa, Elin Sabbasen, in micro-credits and the establishment of micro-firms will contribute to future workshops and business school programs in the Komi Republic and in two rural communities in Yakutia.

Tana has not only been represented, but actively participated in all the Gargia Conferences since 2004. The 2005 Conference was dedicated to image-building and place development, based on our experience with the Tana local development workshop and partnership. Our partners in Tana go beyond academic talk about governance, rural development partnerships, and networks. They also practice it. One of the main results of this local development process is a positive change in the climate for cooperation between the municipal authorities and business community in Tana, very much thanks to the work of the local development partnership established in 2005. Furthermore, the mayor has identified the need for ‘meta-governance’. In order to maximize benefits from the different partnerships and networks in the community, the municipality has to steer and coordinate contacts and cooperation between them. This level of reflection and coordination is far from common among Norwegian or Sami politicians and confirms the importance of social capital in this kind of partnership and organized cooperation.

### Limitations to Outreach Attempts

The Project leaves room for improvement with regards to outreach to the smallest and most remote communities due to connection and networking issues as well as resource shortages. One suggested approach to solving this problem is increased inter-municipal and regional cooperation.

In 2005, the FiUC Resource Group organized three local development workshops in the municipality of Gamvik, another neighbor of Tana on the coast of Finnmark and a fishing community with serious socio-economic problems. Together with the executive committee of the municipal council and senior management, we decided to focus on fishing tourism as a supplement to the fisheries that had been the main income source for the people in the

community for centuries. However, the leadership of Gamvik municipality was unable to take ownership of the project, and did not have the resources or capacity needed to be able to follow up on the many suggestions for both community and economic development that were presented by the participants at the three local development workshops.

Another example is Nesseby, where the social and economic situation is not as bad as in Gamvik, despite losing close to half of their population in the same time period. The municipality has problems maintaining the availability and quality of public services. We, therefore, proposed to the two neighbour municipalities to run a common development workshop, also focusing on the possibility of more inter-municipal cooperation in service coordination. Existing municipal collaboration in agriculture and health sectors recommended this approach, and Nesseby senior management initially reacted favourably but surprisingly decided to withdraw from the Project shortly before the 2004 workshop. No formal explanation was issued, but it was concluded that Nesseby was afraid of losing its independent identity in a municipal merger and of being outvoted and overruled by the much stronger municipality of Tana in questions of division and distribution of administrative functions. However, from an observer's perspective, Nesseby would have been able to gain more strength through partnership negotiations than on its own in its weakened state.

This dilemma of the smallest and often most crisis-ridden municipalities is a serious problem that we have to deal with in the Project, not only in Norway but even more so in rural areas of northern Russia. A failed attempt of outreach to the small Russian community of Tyngly in 2010 with partners at the North-Eastern Federal University of Yakutsk has led to the development of a new approach to outreach as part of the Project. This approach has yet to be tested in the summer of 2011. It is evident that, especially in these small communities, the Project has to aim not only at developing socio-economic project suggestions, but also has to provide support for implementation and follow-up processes.

#### Avjovarri Development Workshop and the Power of Social Capital

The workshop held on behalf of the Sami municipalities Porsanger, Karasjok and Kautokeino, in Hetta, Finland in 2006 contained a number of lessons for the Project and for partnerships between mainstream academic institutions and Indigenous communities. The main goal was to develop an appropriate and effective governance model for a new regional Sami entity. A secondary objective of the new entity was to find or establish a common cultural identity that reflected every member community and would strengthen their social capital (Putnam 1992 and 2000).

The structure of the workshop was built around the priority areas of the communities. Five working groups were established to address the areas of culture and education, health and elderly care, economy, technical infrastructure, and social work and child protection.



Practitioners presented the situation and the issues they were facing or witnessing in the municipalities, and academics offered resources from their corresponding fields of expertise.

Some of the issues that emerged from the workshop and the partnership itself included criticism from strongly ideologically driven Sami interest groups, who found that the partnership with FiUC and its role in the workshop organization compromised the true Sami character of the new entity and the process leading up to it. There are a number of counter arguments in favour of FiUC's role, including financial capacity, expertise, and organizational capacity, but it is important to be aware of the ideological argumentation and respect the voice of the community.

Another weakness of this particular workshop was the choice of participants, who were exclusively middle and senior level municipal management. It would have been more representative, inclusive, and supportive of wide spread local and regional networking to invite representatives of all stakeholder groups, such as the business community, the service sector, the voluntary sector, and local politicians. This, however, would exacerbate existing issues with the number of participants. The inclusion of relevant stakeholders would have meant a bigger number than can be effective on a workshop setting. Given that three municipalities partnered in this project, there were already over 100 participants, a lot more than recommended and a strain on resources and workshop coordination.

One of the successful elements of the workshop was the facilitation of informal networking through entertainment and non-serious common activities with a deliberate purpose of bringing participants closer together in the partnership and helping them to find common ground. This contributed to a positive and productive inter-municipal dynamic. Although the follow-up on the active, collaborative dynamic beyond the workshop has been somewhat limited, the municipalities of Porsanger, Karasjok, and Kautokeino have at least achieved much better control of their own budget and economy through the introduction of new common economic steering and control mechanisms. This is indicated by a budget surplus in two of the three municipalities in Avjovarri Indigenous Region. The surplus can be used to facilitate and stimulate change and development in the local economies since, in the Nordic periphery including Finnmark, municipalities play an important role in facilitating innovative and entrepreneurial activities in both the public and private sector (Aarsæther 2004; Aarsæther and Bærenholdt 2001; Bærenholdt and Aarsæther 2001).

### ***Summary: Do Local and Regional Development Partnerships and Workshops Function as Economic Development Tools?***

The answer to that question must be yes, even if the conclusion is based on only two cases, the Tana and Avjovarri development workshops, neither of which had local economic development as an explicit goal. One of their most important achievements and prerequisite for economic development is an increase in inter-municipal cooperation and capacity building. In Tana, this

happened through the improvement of the relationship between municipal authorities and the business community and through strengthening of local partnership and network organizations, while the Avjovarri Indigenous Region successfully implemented a new common economic steering and control system, which has improved coordination, networking, and efficiency.

The strengthening of knowledge and capacity among municipal employees, also in the economic development sector, has been an important goal in both cases. This capacity building in the municipal and regional administration, combined with partnering and networking with business and civil society representatives, has had an almost immediate positive effect on the business community by strengthening already existing businesses and creating an environment that is conducive to establishing new enterprises.

The reason why economic development was not at the forefront of these two development workshops was that the local economy and the employment situation were not the most pressing problems. Tana featured a diversified, strong local economy, with almost no unemployment (2.5%), but was facing serious public image and social issues that threatened the socio-economic fabric of the community. Although slightly higher at 4.5% in Porsanger, Karasjok, and Kautokeino, the unemployment rate is far from alarming in the Avjovarri Region as well, and the administrative and cultural identity components of the development of a new regional entity were, therefore, a priority.

The ultimate test of the economic development potential of the Project would be to run it in one or several of the economically more challenged communities along the Finnish border. In the spring 2010, we held a common cross-border Evaluation and Learning Workshop for the municipalities of Tana and its Finnish neighbour Utsjoki with the national and international students of the MLRD program. The conclusion was that more cross-border cooperation between the communities on the Finnish and Norwegian side of the border would definitely contribute to local community and economic development. The success of the Tana and Utsjoki Cross-Border Evaluation and Learning Workshop will most likely be followed up with a cross-border, inter-municipal (or regional) development workshop in the near future.

The socio-economic situation in remote, rural communities of the Russian North is even worse. While unemployment is comparable to the Finnish border communities, the Russian communities lack the resources and power within local political and administrative levels, and the capacity and financial, organizational, and social capacity of the business community and civil society, which are needed to instigate change. Nevertheless, the social and economic improvements that have been achieved through rural development workshops in Yakutia are remarkable, in fact, even better than in most of the small rural municipalities on the coast of Finnmark. One measurement of this is the high number of new businesses that have been initiated through the workshops and their high success rates after two to three years. For example, in Oktjemsty, a Yakutian municipality of approximately 3,800 inhabitants, 22 social and entrepreneurial projects were suggested at the first development workshop in 2009. Two years later, 18 are still operating and functioning, and some have greatly expanded in activities

and employment. New businesses have also been created as spin-offs of the first ones. The success can be explained, in part, by productive partnerships between the business community, local authorities, and expert advisers from the Institute of Finance and Economy at the North-Eastern Federal University in Yakutsk. Other success factors are expected to be identified throughout the follow-up evaluation.

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## 5.0 Local and Regional Development Perspectives

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### 5.1 The Nak'azdli First Nation: Economic Development from an Inside Perspective

Vince Prince

Nak'azdli Youth Development,  
Community Development,  
Economic Development

#### ***Introduction***

Nak'azdli is located in British Columbia (BC) near Fort St. James, approximately 60 km from the town of Vanderhoof and 153 km from the closest city, Prince George. The band services 16 reserves totaling 1,458 hectares. The population is approximately 1,700, including on- and off-reserve members. Along with six other First Nations, Nak'azdli is a member of the Carrier Sekani Tribal Council (Nak'azdli Band website).

After the previous chapters have introduced a number of concrete First Nations development areas, economic development processes, theoretical frameworks, and development tools, I will share some of my Nation's history and a number of projects we have been involved in. Furthermore, I will address our connection to the land and how it affects our decision-making processes. It is also important for readers to understand that, no matter where we are at in our development progress, we have already overcome a lot of history.

#### ***Nak'azdli Takes Control***

In 1967, Nak'azdli was able to take control of some of their own programming. It started with a small administration office which gradually took over housing programs. At first, Nak'azdli

administration would only take charge of housing renovations; but since 1968, band-controlled housing services have also included construction.

This was a significant change to the previous situation of complete dependence on the federal government for all services. Prior to the establishment of a band administration, Nak'azdli had an Indian Agent from the Department of Indian and Northern Affairs Canada with an office in Vanderhoof where he or she would be available to the band on a regular basis. For any on-reserve needs and activities, including housing starts, renovations, and funding administration, Nak'azdli members had to travel to Vanderhoof to talk to the Indian Agent.

By 1972, Nak'azdli was developing some of its own economic development initiatives. The introduction of the First Citizens Fund in 1969 (see BC Government reference) provided opportunities for First Nations and their people, and a number of Nak'azdli members used this opportunity to establish private businesses, such as a trucking and heavy equipment company. Some of these small entrepreneurs were very successful and have, since then, passed on successful and sustainable businesses to their children; others only lasted a year or two.

However, in those early days of band-controlled housing and economic development, there was no emphasis on developing the initial opportunities further. Instead of looking for First Nations contractors for the building activities, for example, various outside contractors were hired who only employed a few community members for brief periods of time.

### ***Nak'azdli Development Corporation***

Since then, Nak'azdli has made great strides and has established the Nak'azdli Development Corporation, which is, among other endeavours, responsible for a band-owned and -operated Petroleum Canada gas station. This gas station has been thriving for 11 years now. The primary goal was focused on social rather than economic benefits. Profits were meant to help develop and establish a cultural program in Nak'azdli First Nation's private school.

The band managed to gain jurisdiction over a church-run community elementary school in 1994. A few years later, Nak'azdli had sufficient funds to buy the school building and land of what is now Nak'albun Elementary School, an independent school with a small staff to student ratio, regular performance assessments, and a strong focus on Nak'azdli culture and language. Our goal is to foster the students' pride in their cultural identity while providing quality formal education (Nak'azdli Band).

After going through a five-year long process of land designation, last summer, the community celebrated the transfer of the school land back into reserve land. This means that Nak'azdli now has a big piece of commercial lakefront property, and school employees are tax exempt.

Nak'azdli First Nation has its own maintenance system in the village. Until approximately twelve to fifteen years ago, maintenance services were contracted to outside service providers. Now the community takes care of its own water and sewer system, runs its own equipment including garbage trucks and snowplows, and trains its own people to maintain and operate the facilities and services.

Recently, the process of paving all community roads has begun. This is a good investment since the maintenance and resurfacing of an extensive gravel road system has been very costly. Other communities are fortunate enough to include road paving and maintenance in agreements and arrangements with industries and big businesses. For example, Kitimat entered into an agreement with ALCAN, who paved all of the community roads.

Furthermore, the Nak'azdli Development Corporation opened a community store. This was a much discussed, controversial endeavour. The cost for building the store was \$4.3 million. As mining negotiations have not been fruitful, there is no contract with any industry to facilitate business, and the store has been losing money in its first reporting period to the membership. In the planning stages, it was thought that a large business catchment area and big potlatch feasts would sustain the store. For potlatches, a system similar to a gift registry was to be set up to generate big orders and direct big potlatch spending back to the community. However, this system has never been established, which leaves the store unable to compete with big suppliers in town. While the band store does not charge the Harmonized Sales Tax, its products are identical to those in the supermarket in Vanderhoof, and its prices are considerably higher, so that even the long drive to Vanderhoof for grocery and supply shopping is still cheaper than shopping at the band store. At this point, the store seems to make little economic sense for Nak'azdli.

Nak'azdli remains a growing enterprise. In terms of setting and meeting our objectives in the areas of health, recreation, and facilities, to name a few, we are among the top fifteen to twenty First Nations in the province of BC. Our financial statements show that there is capital in the bank working for us. However, we also have a lot to learn. To get back to the example of the store, which was built from some of that existing capital, it seems that mistakes are easily made especially if cash is readily available. Instead, it might be worth considering borrowing money for such undertakings as this typically involves more careful evaluations of project feasibility while leaving the capital in the bank untouched and slowly growing as a financial cushion.

Keeping in mind the economic development governance models introduced in the chapter by Curry and Donker, a brief insight into the structure of Nak'azdli Development Corporation invites some concern. Our Economic Development Board is appointed by Chief and Council. The Board currently consists of a former chief, two former council members, a justice centre representative, and a building maintenance person. At this time the former Chief is the head of the Board and has the role of economic development officer. Notably, the position was never publicly posted and no interviews were held, which leads to the conclusion that political

processes play a significant role in Nak'azdli economic development and related decision-making. My experience has also shown that transparency and accountability have to be actively demanded by community members.

### ***Our Connection to the Land***

First Nations communities in this whole area have strong concerns for the land. Above all business ventures, people understand the connection to the land as sacred, and some people are very concerned about the impacts of mining. Currently, Nak'azdli is involved in a mine reclamation project in collaboration with Tl'azt'en First Nation. There have also been negotiations for a new mine, and, having some concerns myself, I gathered as much information as I could from all parties involved. In the end, I felt comfortable that the mining company had a sound plan and a good understanding of how to protect the environment. Taking the research a bit further, I visited a big copper mine near Cache Creek and studied online information on mines worldwide to learn about possible impacts and solutions. I collected information about whether, and in what timeframe, flora and fauna recover after a contamination incident. The answer seems to be that nature recovers after some time, as even examples on our own doorstep, such as the extensive clear cuts from the 1970s, show. These are now good hunting grounds again.

These conflicts and issues are very common in First Nations communities. It is important to think about the human impact on the environment and the footprint we create as individuals and as societies. Environmental costs have to be weighed against economic gain.

This is also important for Nak'azdli forestry interests. At this point, the band concentrates on forestry elements of available Forest and Range Licences while considering the benefits of rangeland negligible. It might, however, be worth looking into the potential of rangeland to address some of the needs of our community. Approximately three years ago, low cattle prices would have allowed for a good investment. Buying calves for \$25 each, letting them run on Nak'azdli lands, and hunting them in the fall would have fed a lot of people and would have given youth a chance to learn some of the harvesting and meat processing traditions while taking some pressure off the moose and deer populations. As prices went up, the investment opportunity passed without being taken advantage of. The point is that our community has to be innovative, open to new ideas, and able to identify and react to opportunities. Furthermore, if opportunities feature components that can help us maintain our connection to the land, we can pass on our traditions to the next generations and build pride for the community. These are values beyond economic revenue that should be taken into consideration.



## ***Nak'azdli Employment***

Our community is trying to generate employment. Our current unemployment rate of approximately 22 to 25% compares favourably to many other First Nations and constitutes a substantial improvement over the past 20 years.

The above-mentioned joint mine reclamation project employs 19 individuals from the two communities in labour positions. The discouraging part of the project is that there are approximately seven pieces of heavy equipment, all of them owned by outside contractors. It would have been nice to develop some of those opportunities and direct some of the money of that project back to the community. This mine reclamation is planned to continue for another year before moving on to the new mine. The proposed life cycle of the new mine is 20 years. This seems rather short, and it would be preferable to get a mine with a 30-year life cycle so that our young graduates are not only able to find work there after their schooling but can also retire there. Yet, 20 years will create considerable employment for Nak'azdli.

Other Nak'azdli employment opportunities lie in the area of daily supplies for our people: 14 to 15 full-time positions at the store, a butcher, and a baker in training for a planned new bakery. The bakery project is somewhat controversial. The positive side is that a new bakery is being built, creating employment and supplies. However, there is a bakery for sale in the town of Fort St. James. Arguably, it may have been a better investment to buy an existing bakery with an existing customer base and focus the training and community supply efforts there.

Another example of the struggle of balancing business sustainability and job creation was a business operation that employed 22 people and was costing the band approximately \$2,200 to \$2,500 per year. The band decided to close that business. The question is whether it would not be worth to pay such a price, even up to \$5,000 a year, to keep over 20 people employed. This would mean providing their families with an income, giving them a feeling of pride and self-worth, and keeping them in meaningful occupations as opposed to saving those operation costs but having over twenty people on welfare, lacking all these provisions.

## ***In Conclusion***

Nak'azdli has to find a business model that suits our community, our traditions, and our entrepreneurial characteristics. We would, for example, most likely not be able to sustain and support a business model with a large amount of band-owned and –operated businesses, with which Osoyoos Indian Band is very successful. A balance of band-owned and personal enterprises seems to be a better fit for us and is something we should aim for.

We have come a long way, realized a lot of development, and are planning for the future but we still do not have all services and have to travel as far as Prince George for many regular needs and services that most people take for granted. We have, for example no dentist, but

our health services are steadily expanding and are now offering dental exams and cleaning and feature two nurses.

In community and economic development, mistakes are common, opportunities are sometimes missed, and such errors or missed opportunities can be costly and discouraging at times. However, walking the streets of my community, I see change and I see significantly fewer people on welfare, and this is very encouraging.

In trying to establish a food bank, we encountered systemic hindrances. There is a considerable liability in giving away food. This shows that seemingly simple social projects can turn out to be bureaucratic nightmares. Nonetheless, the focus on social programming in our community and in its administration is another reason for encouragement.

The biggest obstacles often seem to come from the Chief and Council system. But, while our current governance structure and economic development governance do not always seem to foster sustainable business decision-making, it is important to keep in mind that Chief and Council, as well as the Economic Development Board, are trying to look out for community interests and are, therefore, put in a position of having to take all concerns into consideration.

### ***General Discussion Points from Workshop Participants***

Beyond a repeated clarification of the composition of the Nak'azdli Economic Development Board, the discussion of this chapter addressed transportation challenges and their implications for service delivery and employability. Participants had heard of discussions about a regional transportation network to improve connections of Fort St. James, Fraser Lake, and Vanderhoof. However, to everyone's knowledge, Nak'azdli has not been involved in these discussions. There is a shuttle service to the mine reclamation site as well as on-site accommodation for 22 workers to address and mitigate transportation challenges for those workers who cannot afford a vehicle.

Nak'azdli, moreover, experiences other transportation-related barriers. The band is involved in a variety of programs for their members, such as literacy, adult learning, school field trips, and food provisions for Elders in need living as far away as Prince George. Very few members have a class four driver's licence, which means that human resources can be a problem for activities like school field trips. In addition, transporting supplies to members in need is time-consuming and costly. In search of efficient solutions, Nak'azdli has contacted Northern Health about possible opportunities to use some of the empty storage space on their health buses to deliver food supplies. Regional networking and innovative thinking are identified as important solutions to significant transportation barriers of remote First Nations.

### ***Sources and Related Links***

BC Government. Ministry of Aboriginal Relations and Reconciliation. *First Citizens Fund*. Accessed February 14, 2011. <http://www.gov.bc.ca/arr/economic/fcf/>.

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## 5.0 Local and Regional Development Perspectives

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### 5.2 McLeod Lake Indian Band: An Economic Journey

Derek Orr

Chief, McLeod Lake Indian Band

I would like to acknowledge the Lheidli T'enneh First Nation and Chief Dominic Frederick for welcoming this workshop in their territory. Furthermore, I want to thank my parents, my wife, and my three children for making me who I am and being integral parts of what I do. I am proud to say that six of our members are currently enrolled in university, as we at McLeod Lake Indian Band (MLIB) aim to lead by example in supporting and promoting education. Finally, I would like to acknowledge the previous Chief and Council of MLIB, who established the solid foundation on which I have been able to build our Nation's wonderful development of the past two years.

#### *Introduction*

I am honoured by the invitation to share my own and my people's experience of socio-economic growth. The past two years since my election have been a journey, and, in this chapter, I will provide an insight into my Nation's development as an example of a northern, rural, and remote First Nation. As a leader, it is my duty to share our success story and pass on our experiences so that other First Nations can benefit. As the title of this volume suggests, we are looking at frameworks for change. The world is constantly changing, including our economies. Whenever there is a vacuum, it will be filled by something else. MLIB tries to forecast change and take advantage of opportunities. I will provide an overview of MLIB, my

own background and journey to becoming a young leader of our people, our socio-economic journey over the past two years, and the lessons that I as a leader and my community as a whole have learned.

### ***McLeod Lake Indian Band***

We are the Sekani people of McLeod Lake. Our main community is located 150 km north of Prince George, near the town of Mackenzie. The MLIB population is currently at 491 members, 90 to 100 of which reside in the main community, 250 live in the area between Bear Lake and Prince George, and the rest are spread out in British Columbia (BC), Canada, and the United States (US).

MLIB leadership started taking a proactive approach to modern economic development in the 1980s when we filed a court case against the government with the objective to be adhered to *Treaty 8*. Around the same time, through an act of civil disobedience, MLIB obtained its first logging contract and future revenues would later be used to pay for the court case. In addition to our industrial logging company, we established an industrial construction company in 2003 and pipeline operations in 2004, all of which are generating revenue for social, economic, education, and health programs. Our goal is to be proactive and active in all economies within our traditional territory of approximately 108,000 km<sup>2</sup> and we utilize every opportunity we can within that territory to provide benefits for our people.

### ***My Personal Journey***

I am 35 years old, was born in Prince George, and am married with three children. As a child of two alcoholics, I consider myself a survivor. My mother suffered significantly from residential school experiences, and the multi-generational impacts affected me when I was growing up. After high school, I drifted aimlessly for some years until I reached a point where I saw little in my life that seemed worth living for. Eventually, however, I got in contact with the right people, and, in 2002, I made a conscious decision to change my life.

In 2002, I started working in the MLIB governance system as a receptionist. During the following years, I went through various positions, including those of youth worker and land referral officer. In 2005, I was elected to represent our youth on Council. While filling that position, I decided to get a better education and completed a business diploma in 2007. In working for the band, I learned a lot about where we could help our people and improve our opportunities. With the help of my education and my work experience, I identified opportunities and developed a vision for our people. After a three-year term representing our youth, my strategic vision was supported by the community, and I was elected Chief in 2008.

A leadership position is an honour but it also comes with heavy burdens at times. It has been a journey for me – as an individual, as a community member, and as a leader – with a steep learning curve and immense personal and professional growth. The previous Chief and Council left a great foundation for me to work with and to further build our Nation’s economy.

I am grateful for choosing life and change at a difficult time in my life and I am grateful for being able, today, to spread good news for First Nations. I live every day looking for opportunities, and the best part of my day is coming home to my family. While always trying to stay grounded and balanced, I like to tell my people my story because it means I understand many of their struggles, and I can show them that there is a way out. It is a tremendous gift to be part of a multi-million dollar organization at my age, and I want the best for my people.

### ***My People’s Economic Journey***

When I was elected, I had a vision for my people and I thought I could take on the world and change it quickly. However, several external factors proved to be major hits to our socio-economic growth at that time. The mountain pine beetle epidemic and the downturn of the US housing market had dramatic impacts on our still primarily forest-based economy, reducing an annual cut of between 700,000 to 800,000 m<sup>3</sup> to a mere 75,000 m<sup>3</sup>. We had to forecast the impacts on our community and were forced to cut service and program budgets by 44% and reduce our workdays. My perception had been that economic development and success were all about planning, but I learned my lesson that external factors and change are not to be underestimated.

In addition, we were involved in the Dokie Wind Project. This green energy project was poorly managed and, six months into my term, it went into *Companies’ Creditors Arrangement Act* for restructuring (see Dept of Justice reference). For us, this meant \$4 million in account receivables that we were unable to collect. This was a challenge for me as a leader because I had promised my people benefits and growth. However, Council and staff stood behind me and supported me in the necessary cutbacks to maintain efficiency in our band operations. This meant limiting our expenses to what was absolutely necessary.

Finally, one and a half years later, the Dokie Wind Project issue was settled, and we collected 80% of our receivables, which made us viable again. The settlement turned out to be a blessing in disguise, as we were able to secure an additional \$8 million in contracts and developed a positive and productive relationship with GE Financial Services and Plutonic Power Corporation, both world players with significant assets. Through these successes, I hope to maintain the trust of our people and be re-elected in June 2011.

We are very connected to the town of Mackenzie, which, over the last few years, had to close its two sawmills and one pulp mill as a result of the mountain pine beetle epidemic and the collapse of the world market. An outside investor proposed to take temporary ownership of

the pulp mill to preserve the asset and find a buyer. MLIB obtained a forest license for 800,000 m<sup>2</sup> annually for five years with the option to reapply. This was part of the provincial government strategy to strengthen the economy in the face of the economic crisis and it made pulp mill operations possible again. This, in turn, positively impacted MLIB, Mackenzie, and the entire region. Directly associated with the logging and pulp mill operation are 250 jobs. For MLIB in particular, this deal included an agreement for delivering pulp and logs, which are expected to translate to about \$1 million in profits annually, which enabled us to reintroduce a five-day work week. The MLIB budget was still tight but this gave us some 'room to breathe'.

Since 2006, I have been looking at opportunities in connection with the Mount Milligan Mine. The mine provides an array of beneficial opportunities for MLIB in the form of negotiating jobs for members, contracting for our companies, and revenue sharing. Our negotiations were interrupted when the government issued a new policy regarding revenue sharing. However, it is very important to stay at the table, because that is where all information is. We talked to the government, who offered us a percentage of the mineral tax. Our next step was to hire expert advisors and form a committee with the best people for advice and legal counsel. As a product of our efforts, we signed a socio-economic agreement with Terrane Metals Corporation in August 2010 securing jobs, contracts, and other opportunities. We also came to an agreement with the government which grants us 15% of the mineral tax from Mount Milligan Mine. Depending on mineral prices and exchange rates, we expect profits of \$60 to \$120 million from revenue sharing. In addition, contracting for our companies is estimated to generate \$80 million over the next 36 months. Recognizing that capacity could become an issue for MLIB in the face of these numerous opportunities, we developed a partnership with Ledcor CMI.

The kinds of agreements we have been able to secure are significant and not just of token value. The resulting revenues will benefit our people for a long time to come. To give some reference points of the scope of our business operations, for the fiscal year 2011-2012, gross revenue from our logging is estimated at \$25 million, construction has opportunities for \$35 to \$40 million depending on timelines and constraints; and the pipeline revenues are estimated at approximately \$20 million. We have a solid foundation on which we can build a long-term sustainable economy for the benefit of our people. In order to further secure our capital and the long-term well-being of our people, we want to set up a trust fund, which would allow us to operate our businesses from interest payments while growing our capital base for added security in the event of market fluctuations. A similar trust fund is currently in place under *Treaty 8*. Our goal is to generate \$5 to \$10 million annually from different sources of income and avoid dependency on one resource or one company.

Our reputation of wanting to do business attracts new investors, which in turn generates more money for social, economic, and community development. For the near future, we also plan to become more active and organized in protecting our territory through an environmental program for our lands to ensure that moose, elk, and other animals will be there for generations to come.

## ***Lessons Learned***

What have I learned about First Nations development throughout the last few years? A growing economy brings tremendous opportunity, but the most important thing for our First Nations to remember is that we need to elect good leaders. Good leadership will establish proper governance structures, regulations, and policies as presented in earlier chapters. This enables us to utilize our opportunities and assets and to be efficient. Good leadership will also ensure that business and politics are separated in a system where politics provide strategic guidance and review, and business is in charge of daily corporate management.

Strong leadership can furthermore address capacity challenges: ‘Give a man a fish and you feed him for a day; teach a man to fish and you feed him for a lifetime.’ Accordingly, MLIB tries to equip its members with the tools they need in order to be successful and take full advantage of the opportunities that we create for them, whether these tools are knowledge or gear. Apart from business and job opportunities, MLIB invests in programs to prepare our people for entering the workforce or to give them a head start in their job, for example in life skills classes or Mining 101.

It is crucial for First Nations to have reasonable expectations: your companies have to be viable and you have to consider all factors, regulations, Aboriginal legislation, and external influences, such as market fluctuations, that impact our economies. Industries are moving towards understanding First Nations. As acknowledged previously in this volume, we are not all the same. First Nations face individual resource situations and have distinct traditions and priorities but also a lot of common ideologies. It is important that industries learn to respect the relationship of First Nations with the land. Our Elders used to make a living by hunting and using every opportunity the land offered them. Today, we have to take advantage of different kinds of opportunities. Like any municipality, we want to grow, have our own governments, doctors, and lawyers and build our own stores, houses, and social programs; but we are facing certain challenges. If industries understand our history and recognize the impacts of colonization, they can help us overcome the colonial trauma and dependency. Industries and governments need to be willing to respect our rights and share benefits with us.

As I said, our success depends on leadership, but it is also based on hiring the best people for positions like the band manager. Everyone has to work together for a common goal, and while it is impossible to always please everyone, the Membership has to be involved as much as possible and the voice of the population has to be heard. At MLIB, we hold quarterly meetings, share information and updates on our website, and issue regular general reports to keep our people informed and invite their feedback and involvement. Our Membership has been very appreciative of this approach.

Concluding, I would like to say that I am always happy to share our story. My message to individual First Nation members and to First Nation communities is that it can be done!



## ***General Discussion Points from Workshop Participants***

During the following discussion, workshop participants acknowledged the great achievements of Chief Derek Orr personally and in economic development. Questions addressed leadership, business strategies, and environmental concerns.

- Leadership

In reports like the one presented by Williams earlier in this volume, MLIB is studied as an example of a small, isolated First Nation, and other First Nations and economic analysts are especially interested in finding out what drives MLIB's significant business operations. The finding is that the driving force is strong, business-oriented leadership.

In the discussion, leadership was generally recognized to be essential to successful First Nations development. It was, however, also emphasized that leaders are facing a lot of expectations and responsibilities. It is difficult to balance all interests and opinions within a nation and to find a way of leading development when being pulled into different directions. Support and advice from other leaders was identified as very helpful. Exchange of leadership experiences can strengthen individuals in adverse situations and foster personal development.

- MLIB Business Strategy

Upon an inquiry about MLIB programs for young entrepreneurial development, Chief Orr stressed that schooling is considered the best foundation for MLIB youth. Young entrepreneurs are supported and included in projects where possible, but the promotion of education is the foremost strategy in preparing MLIB youth to be members of the workforce and participants in the economy.

Since MLIB is heavily involved in forestry and mining at a time when the markets for these products have not been very stable, participants showed an interest in the business strategy behind this approach. The MLIB customer base was reported to be 80% Asian, a market that is expected to maintain product demand for a long time. In addition, MLIB is aiming to diversify as much as possible and has already achieved a high rate of involvement in various operations in the area, so that their dependency on one business is minimized.

Participants remarked that the agreements MLIB has with big industrial players, although they are of a business nature, must also have components of relationship- and trust-building. With the goal of providing lessons for other First Nations, Chief Orr stressed that it is crucial to build relationships of mutual trust. Part of that is, on the one hand, to expect and forecast change and to cover all your bases, but also, on the other hand, to be fair in your approach. The proponents still have to be viable and make money, too.

- Environmental Concerns in Resource Extraction Economies

Acknowledging the diversity within and among First Nations communities, participants mentioned that there are Aboriginal opponents to extraction industries and inquired about MLIB funds for remediation or compensation in case of accidents and environmental contamination. This seemed especially important when considering First Nations' connections to the land.

In relating MLIB's approach to environmental risks, Chief Orr confirmed that this connection to the land remains very important, even if a First Nation chooses industrial resource extraction as the foundation for its economic development. Orr agrees that environmental impacts of mines can be significant, but points out that, in the last 20 years, great progress has been made in the safety of mining operations. Mount Milligan Mine, for example, has a comparatively small footprint, comprehensive safety measures, and is fully contained. However, there are financial precautions in place in case any contamination should occur. The onus is on the government and the proponent to set aside funds for such purposes.

As for ideological division in regards to environmental risks versus economic gain, MLIB has been providing for maximum community involvement and information sharing to include the voice of the community in decision-making. The community has been overwhelmingly supportive, and decisions are not made against community will. Even though there will always be some dissent, Chief Orr tries to follow the voice of the community and act in its best interest. When the community sees how business ventures support community development, schools, their church, social programs, and plans for a community store and produce production to build a community economy, they understand the connection between money-generating businesses and community benefits.

- Closing Remarks

In the chapters by Vince Prince and Chief Orr, two very strong leaders have shared their personal insights into community and economic development. One of them is a hereditary leader who is in a position of authority and trust in his community by virtue of what he does; the other one is an elected leader who has grown into his position and gained his community's support with a long-term vision. Both types of leaders make First Nations communities stronger and bring progress and success.

Furthermore, both chapters express the importance of information. Chief Orr holds that staying at the table at any time is crucial because that is where information is and how one can identify opportunities. Vince Prince shows that, on an individual as well as a community level, it is important to do research and to be able to make informed decisions.

### ***Related Links***

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## 6.0 Contexts for Aboriginal Economic Development

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### 6.1 Development Actions, Barriers, and Supports in Canada: Urban Aboriginal Settings

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As Chief Orr mentions in the previous chapter, change is the only thing we can take for granted. A community can only cope with change if a robust community development foundation is in place. It takes a strong and healthy community to create opportunities for a strong and healthy economy, which itself is always in transition. The notions of transition, change, and adaptation have deep traditional roots. Although the research debates in this field are new in the academic realm, which often lags behind the reality of communities and economies, they are based on ancient understandings of community health and success. These close connections between community development and economic development also apply to the complex urban landscape.

Increasingly, the face of the Aboriginal community in Canada today is an urban one. The 2001 Census identified 50% of Aboriginal people as urban residents, and according to the 2006 Census over 60% of First Nations people now lives off-reserve. These urban settings are often well outside of their traditional territory. This dramatic demographic shift, however, has not been accompanied by an economic shift. In general, Aboriginal people living in urban areas continue to be marginalized from the larger economy, and, while Aboriginal people in urban areas are socio-economically better off than their on-reserve counterparts, they lag significantly behind the non-Aboriginal urban population.

This chapter addresses the framework of current Aboriginal economic development actions, some of the key barriers to successful development, and some of the actions and supports needed to achieve any desired changes. Amongst the critical contexts for Aboriginal people in Canada, this chapter will focus on urban Aboriginal economic development.

## ***Background***

Over the last two decades, there has been an extraordinary growth in our understanding of the issues impacting land-based Aboriginal communities. Even if solutions are often still elusive, the knowledge of the impact of European settlement and the current strategies of Aboriginal peoples to refashion and rebuild their communities is widely understood. Aboriginal people have been able to draw on that knowledge base as a strategic resource in community development and in the struggle for recognition of traditional rights.

While there is an increased understanding of land-based Aboriginal people, there is the largely untold story of the movement of Aboriginal people into urban areas. This is not a simple movement – there is a great complexity to Aboriginal urbanization. It is significant in small urban places, for example, and there is a great deal of flexibility and movements from home community to urban places and back again. Statistical tracking of population activities do not capture this mobility very well. Especially on-reserve linkages to urban places are not traced and documented to an extent that would provide a sufficient tool for policy-making and institution-building in relation to urban Aboriginal economic development.

Similarly, in contrast to the burgeoning growth of urban Aboriginal communities, there is a more limited academic literature on the community and economic development of urban Aboriginal communities. Consequently, while over half of the Aboriginal population lives off-reserve, the overwhelming majority of academic work remains focused on the issues facing land-based First Nations communities. In terms of research on success factors in urban Aboriginal economic development, and in building capacity in urban Aboriginal organizations to support community economic development, the knowledge lags behind many of the current debates about community development and economic development. The translation of research into practice is slow, and there is little mutual exchange between those working as practitioners in our communities, those conducting academic research, and those engaged in policy work in Aboriginal or non-Aboriginal governments.

Addressing these knowledge gaps is crucial to supporting the community development and economic development of urban Aboriginal people in the Canadian economy. A key purpose of the Urban Aboriginal Economic Development (UAED) Network is to develop an open and inclusive multi-stakeholder national network of scholars, policy analysts, and practitioners working to mobilize knowledge in support of urban Aboriginal economic development.

## ***The Complicated Urban Landscape***

One reason for the slow development of knowledge respecting urban Aboriginal economic development is that the setting is complex and variable. Evelyn Peters (2009) points out a number of urban Aboriginal challenges, including overcoming fragmentation and the resulting lack of cultural cohesion, urban governance, a lack of tax advantages, and the lack of a land and a natural resource base. The advantages she cites for urban Aboriginal economic development are better access to markets, a more highly educated community to draw upon, a more experienced workforce, and an increased available capacity for creating capable governance structures (even if this capacity has not yet been harnessed to that task).

Another critical issue is the definition of *Aboriginal*, including concepts such as First Nations, Aboriginal, Status Indian, on-reserve, off-reserve, Inuit, and Métis. Importantly, different definitions come with different rights and obligations and feature different histories and cultures. Furthermore, *geography* is a critical variable in urban contexts. Links to traditional territory, connections to reserves, treaties or the lack thereof, and different opportunities in small towns, regional centres, and large metropolitan centres all have implications for urban Aboriginal economic development.

In terms of governance, matters of *jurisdiction* play into the complications of the urban Aboriginal setting. Due to the lack of clarity about which level of government has jurisdiction over Aboriginal people in urban areas, all levels of government have avoided taking responsibility. Responsibility for decision making and service provision can be divided between five levels of government:

1. First Nations across Canada have long asserted their right to exercise jurisdiction over community members wherever they may live.
2. Many Métis are represented politically, and receive services from, governance structures associated with the Métis National Council.
3. The federal government, in turn, asserts that it has jurisdiction in its fields of competence, but that its responsibility for Status Indians under section 91(24) of the Canadian constitution essentially ends at reserve boundaries.
4. Particularly for health and social issues, provinces also assume responsibility for decisions that impact economic development opportunities and supports in urban Aboriginal communities.
5. Finally, municipal governments have often stepped into the picture to provide services or to engage Aboriginal people in urban initiatives.

This jurisdictional context is problematic, particularly because it leads to an unclear policy framework and confuses lines of accountability and responsibility. Related to questions of jurisdiction is an urban institutional landscape of considerable complexity. There are a multitude of Aboriginal providers, competing non-Aboriginal organizations, and typically, no overarching governing bodies.

## ***Problematic and Ineffective Approaches***

At present, our approach to urban Aboriginal economic development shows that we are lost. The issue is not the complete absence of policy but rather the problematic character of those policies. All levels of government have policies with respect to urban Aboriginal people, but the evidence suggests that most governments are not achieving their stated goals. First, there is the challenge of jurisdictional complexity. Second, policies are not well coordinated. They tend to be fragmented and they leave important issues unaddressed. Third, where policies for urban Aboriginal communities do exist, they are often built upon assumptions drawn from land-based communities and fail to address the urban realities. Fourth, they often fail to derive structure and approach from traditional Aboriginal practices.

One example that demonstrates this is the *Federal Framework for Aboriginal Economic Development*. The federal government's 2006 economic plan *Advantage Canada: Building a Strong Economy for Canadians* makes no specific reference to Aboriginal people and their unique economic situation and needs. Only in 2009, the Department of Indian and Northern Affairs Canada published their new *Federal Framework* to add the Aboriginal voice and renew a collective approach to Aboriginal economic development.

The goals of the federal framework are laudable:

- To support Aboriginal entrepreneurship by removing legislative barriers, enhancing access to capital and equity, and responding flexibly to the realities of different communities and situations;
- To foster education and training opportunities for Aboriginal people in order to create human capital;
- To advance Aboriginal asset value and use by improving laws which impede profitable land use;
- To help improve infrastructure and consolidate Aboriginal economic development planning capacity; and
- To support and promote partnerships between all levels of government, the private sector, and Aboriginal groups to bring together expertise, capital, and natural resources.

However, while recognizing that the term *Aboriginal* refers to First Nations, Inuit, and Métis; there is no further distinction between urban and rural, on- and off-reserve, or any other topic that lends complexity to the situation. Instead, the focus is implicitly on the reserve-based First Nations context. Yet, there are other works and initiatives that form good foundations to build upon – signposts that point out legitimate new directions and approaches.

## ***Report of the Royal Commission on Aboriginal Peoples***

The *Report of the Royal Commission on Aboriginal Peoples* was published in 1996. The Royal Commission gathered testimony from Aboriginal people across Canada with the intention of creating and improving the general understanding of what it means to be Aboriginal in order to transform the relationship between Aboriginal peoples and non-Aboriginal governments.

The main finding concerning economic development is the recognition that a reliable economic base is crucial to any form of self-government and, moreover, critical to enabling Aboriginal communities to heal from the impacts of colonization. The report identifies a number of legislative, institutional, and social barriers which need to be overcome in order for urban Aboriginal economic development to succeed. Apart from the current fragmentation of services in urban settings as a major barrier to positive urban Aboriginal economic development, the list of obstacles frequently faced by Aboriginal people includes:

- Insufficient numbers of available jobs,
- A discrepancy between Aboriginal skills and labour market demands,
- Social and systemic racism,
- A lack of childcare facilities,
- The attitudes of individual employers and co-workers, and
- Systemic discrimination in school curricula and law enforcement.

## ***Report of the Auditor General of Canada to the House of Commons November***

Chapter nine of the *Report of the Auditor General of Canada* in 2003 extends the positive direction of the Royal Commission. In this case, the Auditor General's office conducted a study of 13 First Nations and four tribal councils and governments in five provinces. In terms of barriers, limited access to natural resources is highlighted as an important impediment to Aboriginal economic development. Reserves are only small parts of what most First Nations consider their traditional territory. One of the resource access problems is that, while negotiations and land claims are ongoing, provincial or corporate land development and resource exploitation on traditional lands and territories continues.

Another barrier mentioned in the Auditor General's Report is access to capital. First Nations communities often do not have available funds, and the *Indian Act* prevents them from using their reserve lands as security for loans. Government support programs were considered cumbersome and constitute a "substantial burden" (2003, 8).

Partly basing her evaluation framework on World Bank publications and on the Harvard Project of American Indian Economic Development, the Auditor General's Report also presents a list of good institutional practices that help First Nations to develop institutional structures and sustainable businesses and to make them attractive to investors. A First Nation should have a



*clear vision* of what their economic development should be. From a practitioner’s point of view, Disney, in his chapter of this volume, emphasizes this as a prerequisite to development success. The vision guides business decisions and plans, and allows for diverse economies.

Furthermore, a First Nation should *separate politics, government administration, and business*. This creates stability for economic development. The government takes on the role of developing the institutional framework, which in turn enables business management to develop and act within the framework.

Another important factor is a focus on *sustainability* and on how revenue is reinvested. In his chapter, Chief Orr argues that a First Nation has to invest its wealth and create long-term security by taking a trust approach and spending only the general revenues. A First Nation should also *measure and evaluate* its economic development progress and performance against its vision and goals.

Finally, *partnerships* can be essential to First Nations economic development in that joint ventures allow “transfer of substantial expertise” (Auditor General 2003, 21) as well as economies of scale. This is particularly important in urban settings where people come from a lot of places and are faced with complicated resource access. In this situation, partnerships have the potential to combine small bits of resources to a viable base for economic or community development activities.

In the context of urban Aboriginal economic development, the Report acknowledges the importance of institutional arrangements for governance and service delivery. It supports the position of the Royal Commission on Aboriginal Peoples that there is a need for organization, jurisdictional arrangements, and coordinated service delivery to improve urban Aboriginal people’s socio-economic situation and overall quality-of-life.

### ***Harvard Project on American Indian Economic Development***

Another area of positive instruction comes from the *Harvard Project on American Indian Economic Development* (HPAIED). While the jurisdictional, legal, and constitutional contexts are very different, the principles have some ability to inform urban Aboriginal economic development in Canada. The Harvard Project has identified five important factors in successful tribal economic development which are applicable to urban governance and development:

- *Sovereignty Matters*. When people make their own decisions about what development approaches to take, they consistently out-perform external decision makers — on matters as diverse as governmental form, natural resource management, economic development, health care, and social service provision.

- *Institutions Matter.* For development to take hold, assertions of sovereignty must be backed by capable institutions of governance. There must be stable, fair, and independent mechanisms managing collective affairs.
- *Culture Matters.* Successful economies stand on the shoulders of legitimate, culturally grounded institutions of self-government. Aboriginal societies are diverse. Each Nation must equip itself with a governing structure, economic system, policies, and procedures that fit its own *contemporary* culture.
- *Leadership Matters.* Nation building requires leaders who introduce new knowledge and experiences, challenge assumptions, and propose change. The development of community leadership capital is critical.
- *Be Strategic.* This fifth factor is not really profiled in the same way in the Harvard Project, but is often cited in their research as an important success factor. In practice, it indicates the importance of having a strategic development plan that is appropriate to the particular nation's circumstances.

(HPAIED)

### ***Models of Governance***

While the literature may look to flow charts, in the real world we find that the success is in the details and the execution as well as in the leadership and the capacity of the community. The *Report of the Royal Commission on Aboriginal Peoples* identified three possible self-governance structures, which affect urban Aboriginal populations in different ways:

1. The *Nation government* model,
2. The *public government* model, and
3. The *community of interest government* model.

A *Nation government* would be based on territory, and citizenship would be determined by the individual nations' definitions of membership. Such a First Nation government would be in charge of its members living on and off the land base. This model is currently not working in favour of most urban Aboriginal people and their economic development.

The *public government* could be a multi-level government with communal and territorial jurisdiction over all Aboriginal and non-Aboriginal residents of its defined land base. This model is similar to what we find in Nunavut and may work in northern Inuit communities. All residents would be served by the same institutions.

As several chapters in this volume have identified, the *community of interest governance structure* has the ability to form and oversee urban communities of interest. Membership in a community of interest would be based on individual choice. The role of the governing structure is limited to certain services, organizational structures, vision and dialogue actions, and being a representative voice. Such a *community of interest governance structure* can be created or

might evolve from existing institutions and service providers. Both options have their own challenges, but the problem of evolution is significant compared with starting from a clean slate. While it is difficult to create a structure where none existed before, it may be more complicated to change existing mandates and integrate independent entities into a bigger organization. The temptation and wish of an existing organization to reinforce its own mandate and strengthen its position in the community instead of subordinating itself to an umbrella structure can easily impede successful governance evolution.

The focus should be on supporting political sovereignty and interlocking initiatives such as governance, spirituality, education, training, community healing, and others. This underlines our earlier suggestion that healthy communities go hand in hand with healthy economies. In this sense of scope, urban places have three key assets:

- They have more “institutional completeness” in terms of urban Aboriginal organizations, programs, and services;
- They have a larger Aboriginal population base than most reserves and thus have a wider base of human capital upon which to build; and
- They have access to more supportive tools such as universities and community colleges.

Much research has pointed to non-politically aligned organizations such as Friendship Centres as a foundation for possible *community of interest governance structures*. Without organized and focused efforts of some form of governance structure, not all community entrepreneurs are given the tools to reach their potential, and a stable urban Aboriginal middle class is not enabled to support the rest of the urban Aboriginal population in taking part in community and economic development. Without effective institutions of governance to maintain a stable environment, one cannot get on with either community development or community economic development.

### ***Concluding Remarks***

The urban Aboriginal population is significant. This needs to be recognized and supported. It is *the* context for most Aboriginal people. We need to let community development and economic development direct our support to healing, skill development, capacity building, entrepreneurial support, and life-long learning. Our available assistance in economic development features many supports, but they need to be coordinated and harmonized. They have to improve their approach to critical issues of access to capital, asset management, and access to land and resources. This needs to be mobilized through both traditional and market economy mechanisms. Traditional elements, like generational and distribution customs, are crucial in urban settings.

Furthermore, the best options for urban governance need to be operationalized. Into such a dialogue, we have to incorporate the best of what history and research can teach us.

Institutional development must be a focus. This ranges from creating institutions, to running them, and to succession planning. Cultural relevance has to be the foundation and a source of strength. Valuing community participation is a vital piece on the path to success in any context but with special relevance in the urban Aboriginal context. All actions have to follow a strategic purpose. Vision, long-term community development planning, and guided, purposeful economic development will make a community flexible and adaptive and help to overcome challenges such as market fluctuations and the ups and downs of business successes and failures.

Having had the privilege of interacting with researchers, practitioners, and policy analysts from across the country for the past couple of years as part of the UAED Network, I am convinced that we still face a significant challenge and that, where we have success, the level of success is quite uneven. I have observed this across northern Canada and, in my work, especially across northern British Columbia. Urban Aboriginal economic development in remote, rural, northern towns faces all the challenges listed above, but there are some important opportunities, which should not be forgotten. A growing portion of the population is Aboriginal, and service providers will have a range of opportunities to work with that Aboriginal population, develop intimate knowledge of those communities, and build relationships and partnerships on a manageable action scale. The clear goal has to be to return to a strength in which collective sharing supports communities and economies. We cannot afford to wait and we cannot afford to get it wrong.

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