

Understanding Indigenous Economic Development in northern, rural & remote settings.

John Disney, OMVC.

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ON RESERVE.

Framework of current indigenous economic development actions:

The traditional economic development department on indigenous reserves in BC today receives funding from the Federal Government through Indian and Northern Affairs Canada or 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 immediate issues such as health, education and housing.

The services that a typical economic office might provide would include training, maintenance, reporting, proposal writing and small time contracting on reserve. In addition there might be services and resources to help small business start-up or on-line job searches and so on.

It is the Economic Development Officer's dream therefore to have access to resources in order for them to create jobs and wealth for the band. However, most bands don't have access to resources other than those situated actually 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. So 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 assessment, water course and fish impact studies, geotech assessments, habitat compensation plans and so on. 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 are expensive to say the least. The EDO is now faced with the onerous task of applying for funding through various agencies which is not only time consuming but includes no guarantee of success. Presuming all goes well, time has probably caught up by now and the council is facing a new election year and new members might not buy into the dream envisioned and sanctioned by the original council. Now in order to access funds to actually proceed with the project, the EDO must write a business plan which must stand up to the analysis of the Federal Government to give them the assurance that they are not approving a faulty project. Finally, the EDO is ready to go and so 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. So 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 is not made out to the band, or the council, or to a community member; it must be made out to INAC-they own everything remember?

So 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.

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.

Key barriers to successful development:

Economic Development 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 a result of a century of operating under the 'dependency' model set up by the British Empire at the start. Everyone likes a good rant, but let's look at the issues.

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 so smaller communities didn't 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 ever was any real economic or business advice or services that were meaningful or applicable. Because community members don't own their own 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 traditional financing options and 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 much more than administer federal money on behalf of their communities. With the election of the Harper government this saw the virtual elimination of funding ear-marked for economic development on reserves. Several major programs were eliminated and funding was withdrawn and so 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 reaches the band members on the street. The "Aboriginal Industry" siphons of 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 the present. Reviews and input on this

issue, simply become binders on the shelf somewhere and so not much is expected to change.

As we advance into the 21st century, bands find themselves with more political voice than ever, and a growing more educated generation of young workers but very few opportunities to actually create an economy to accommodate these new emerging assets. These new community members could access education dollars to leave their homes and gain the skills needed to make them employable. However, there were 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.

So the structure that is in place to promote economic development activity on reserve 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 overtaxes staff with highly convoluted and irrelevant administration duties, which do nothing to actually help the band. Any funds that result from approved applications to INAC don't necessarily get deposited in a timely manner. It is not at all uncommon to receive funding approvals, complete a project on credit only to have the revenue be 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 the internal financial management within INAC is the most illogical, screwed up system they had ever witnessed where total disorganization rules.

For an EDO, this means that by audit time their department shows a deficit that is often carried forward for several years. Now when the next project is developed their own band will not stand behind them, ruling they lack financial skills to run a balanced budget. This creates impossible pressures on EDO's and their departments, causing them to withdraw from imaginative thinking. 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. Few sidewalks, blocked ditches, houses in disrepair, unkempt properties and all 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 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 and the power to actually shape and build a future on their terms. The reality sets in when the support mechanisms outlined at the beginning of this presentation 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 eventual success. It's not easy, it's complex and it's about fixing an entire community.

Actions and supports needed to achieve any desired changes:

Success is about scrapping the entire system. It's about changing mind sets that have been in place for decades and it's about abandoning the INAC model in favor of the corporate model-I.e. 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's about building a whole new governance model to guide the community and so we start with the basics.

- ⇒ A mission statement for everyone to see and touch. Something like:
"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 5-year plan to lay out the path. This cannot be just about economics. It must include health, education, the youth, facilities, housing, social development etc. 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 of 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 18 months to figure out-so be it.
- ⇒ We need an Economic Development strategy, so the lead department is focused and motivated.
- ⇒ A sound set of employment and council policies including meaningful job descriptions and roles and responsibilities for everyone.
- ⇒ Comprehensive all-inclusive community plan.
- ⇒ A sound corporate structure that separates the business from the politics and has built in mechanisms to ensure key positions are filled by capable people, and 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. i.e. 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 won't be easy or fast but is critical to the very survival of many of our communities. It will take what I like to say are the 5 'I's- imagination, inspiration, integrity, innovation and instincts. Add in courage and then the most important characteristic for success: you had better be stubborn; very stubborn!! NEVER EVER let anyone tell you it can't be done. If you can see the goal in your own mind and your instincts tell you it can work, then never let it go. Don't 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-go for 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 it all around. Your culture is vital and so practice it at every turn and build it in to your new economy. Outsiders who don't buy in to 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.