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Growth of Enterprises in Aboriginal Communities

GOVERNANCE AND CORPORATE SOCIAL RESPONSIBILITY



Growth of Enterprises in Aboriginal Communities
by *Stelios Loizides* and *Robert Anderson*

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Preface

This study offers insights into the growth of band-owned enterprises in five Aboriginal communities in Canada. These enterprises have helped reduce the high unemployment rate of these communities by providing valuable employment opportunities for their growing working-age population.

The five geographically distinct Aboriginal communities featured in this report share the desire to become self-reliant and to control their economic development. They have chosen to establish community-owned businesses that they believe will create wealth and local employment while preserving their cultures and maintaining respect for traditional values. Although there are privately owned businesses in Aboriginal communities, this study focuses primarily on the activities of band-owned enterprises.

The findings of this research report will be relevant to other Aboriginal communities as they pursue their economic development options.

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Methodology

The purpose of this study is to examine the important role that band-owned enterprises play in Aboriginal community economic development. We were interested in identifying key success factors that enabled Aboriginal communities to establish and expand these enterprises.

Five Aboriginal communities were chosen in consultation with Aboriginal experts, academics and representatives at Indian and Northern Affairs Canada. Each community was selected on the basis of its unique approach to managing the growth of enterprises, stage of economic development, and geographic location.

We first did a literature review of the theory and practice of community economic development, the Aboriginal approach to economic and business development, and corporate Aboriginal relationships and partnerships.

Extensive on-site visits and telephone interviews with Aboriginal leaders in the five communities provided insights on how band-owned enterprises create wealth and employment, improve socio-economic conditions, strengthen culture and promote economic self-sufficiency. Questions asked included:

- Why are band-owned enterprises created? What was the political and business rationale for selecting this particular business model? How do communities reconcile business and Aboriginal culture?
- How are these enterprises managed/governed/regulated? What business principles are used for decision-making and accountability? How does management promote business growth and the fair distribution of benefits?
- What are the outcomes in terms of business growth, and wealth and employment creation? How do these enterprises provide goods and services and contribute to community well-being?

The literature review and interviews were supplemented by data collection to prepare community profiles, and to examine socio-economic characteristics and changes that have occurred as a result of business activity by band-owned enterprises.

Acknowledgements

The Conference Board of Canada acknowledges the contributions of Aboriginal leaders interviewed for this study. Their insights, expertise and experience have enriched the report. Their leadership and inspiration will be useful to other Aboriginal leaders as they pursue their economic development options. Their remarks cited in this report were obtained in the course of case study research.

Communities participating in the study included the Osoyoos Indian Band, British Columbia; Lac La Ronge Indian Band, Saskatchewan; Membertou Mi'kmaq First Nation, Nova Scotia; Mississaugas of the New Credit First Nation, Ontario; and Vuntut Gwitchin First Nation, Yukon.

Suncor Energy, TransCanada Pipelines and Indian and Northern Affairs Canada provided financial support for this research. Wanda Wuttunee, Robert Anderson, Fred Wein and Warren Weir contributed to the methodology of the research, and each carried out one of the case studies.

Responsibility for the research methodology and content of the report lies with The Conference Board of Canada.

Growth of Enterprises in Aboriginal Communities

First Nations are searching for ways to gain recognition of their rights and realize their vision of self-reliance. They view business development and growth as vital in terms of achieving economic self-sufficiency for their communities. A recent Conference Board of Canada report, *Creating Wealth and Employment in Aboriginal Communities*, documented the experience of 10 Aboriginal communities across Canada. *Growth of Enterprises in Aboriginal Communities* highlights five more Aboriginal communities that have found economic success through strategic planning and band-owned enterprises.

Growth of Enterprises in Aboriginal Communities describes how band-owned enterprises play a central role in creating wealth and employment for their communities. What is unique about these businesses is that they are owned by and accountable to the community, and all members share the benefits. These enterprises use standard business practices while respecting traditional Aboriginal culture. They search for new opportunities to grow existing businesses by developing new products and/or expanding their markets. Good communication between the board of directors and management creates the trust and transparency needed for optimal business performance.

Creating Wealth and Employment in Aboriginal Communities identified six key factors that contribute to the success of band-owned enterprises:

- strong leadership and vision;
- a strategic community economic development plan;
- access to capital, markets and management expertise;
- good governance and management;
- transparency and accountability; and
- the positive interplay of business and politics.

Growth of Enterprises in Aboriginal Communities reinforces the importance of these factors and identifies additional features that contribute to business success:

- an ongoing commitment to Aboriginal traditions and culture;
- a focus on growth through the development of new products and/or markets, as well as business relationships; and
- effective risk management to ensure profitability and minimize the possibility of business failure for the community.

This report describes how band-owned enterprises play a central role in creating wealth and employment for five communities, using standard business practices while respecting Aboriginal culture.

The Osoyoos Indian Band of British Columbia has successfully marketed Aboriginal traditions and culture to create wealth and employment in its community. This First Nation owns and operates a number of profitable businesses. Nk'Mip Cellars is a highly successful joint venture between the Osoyoos Indian Band and Vincor International Ltd., and includes a productive winery and extensive vineyard. The Nk'Mip Desert and Heritage Interpretive Centre is currently the band's biggest business venture, projected to attract 20,000 visitors in 2006. This band-owned tourism business celebrates the history and culture of the Okanagan First Nations. The success of the Osoyoos' band-owned enterprises has strengthened the economic self-sufficiency of the First Nation. In 1994, payments received from the federal government exceeded band-generated revenues. By 2003, band-generated revenues exceeded the \$3.7 million the First Nation received

from the federal government, and band-owned businesses have continued to grow. Owing to the large number of jobs created by Osoyoos band-owned enterprises, the unemployment rate fell from 29.6 per cent to 9.3 per cent.

The Lac La Ronge Indian Band of Saskatchewan has focused its efforts on growing its band-owned enterprises by penetrating new markets and developing new products for its existing markets. Kitsaki is the band's business development corporation. Its key strategy has been to expand into selected international markets in Europe, Japan and the United States. The export strategy has two aspects. The first is the penetration of new markets with existing products. The second is the development of complementary products for the same markets: a distinctive brand that advertises the fact that its organic products come from a natural, pristine environment. In 1986, band-owned businesses earned revenues of \$5 million. By 2001, the revenues rose to \$23.5 million, ranking Kitsaki 87th on the list of the 100 largest companies in Saskatchewan. Kitsaki enterprises employ 500 people, 350 of whom are Aboriginal.

The Vuntut Gwitchin First Nation of the Yukon has made great strides in its efforts to become economically self-sufficient. What makes this First Nation unique is that the governance and management of its business enterprises remain in the hands of the community. The board of directors of the Vuntut Development Corporation (VDC) is elected annually at the General Assembly of the community. The board of directors have to meet minimum qualification requirements to ensure that they have the necessary expertise to act in the best interests of the community. Every year at the General Assembly, Vuntut Development Corporation executives table a report of their business activities and take questions from the community. Reputable legal and accounting services ensure proper legal and financial transactions. Budget limitations on spending and restricted signing authority promote transparency and accountability.

In the mid-1990s, the Membertou Mi'Kmaq First Nation of Nova Scotia was heavily dependent on the federal government, receiving \$4.5 million annually, with little revenue coming in from other sources. The community was also close to \$1 million in debt. In

2005, this First Nation was working with a budget of \$55.1 million, of which only 11 per cent was government money. While Membertou has provided some support to the private sector, the creation and growth of band-owned enterprises and strong business partnerships have been the priority. This reflects the ongoing commitment of the leadership to engage in economic activities that maximize benefits for the whole community. One indicator of increasing employment in the community since 2001 is the number of persons employed by the band itself, from 271 persons in 2002 to 407 persons in August 2005.

The five communities documented in this report provide a model for other Aboriginal communities that are striving to become self-sufficient.

The Mississaugas of the New Credit First Nation's business activities have been very successful, providing revenue and numerous jobs for the community. Royal Flush Gaming Ltd. is a band-owned enterprise that employs band members and generated \$8 million in profit in 2004. Given the success of this company and several other business ventures, the Mississaugas of the New Credit First Nation has reduced unemployment from 25 per cent to 10 per cent in just three years.

The five Aboriginal communities documented in this report have used band-owned enterprises as a business model to create wealth and employment. These community enterprises use business management principles to be successful but are governed, managed and regulated to contribute to community well-being. Their business operations are compatible with the Aboriginal culture of communal ownership and sharing. They reflect the fact that most resources/assets forming the "capital" for business are held collectively—land, the rights to resources, and the proceeds from land claim settlements and treaties. These First Nations communities provide a model for other Aboriginal communities that are striving to become economically self-sufficient, to reduce their dependence on government and to improve their socio-economic conditions.

Introduction

TOWARD SELF-RELIANCE

Self-government and control over traditional lands and resources are of prime importance to Aboriginal people. Phil Fontaine, national chief of The Assembly of First Nations, emphasizes that recognition of these rights will benefit all Canadians:

Rights to self-government and control of our traditional lands and resources are based on our history in this land, our solemn treaties with the Crown, and the inherent rights of indigenous communities to survive, maintain their identity and move forward with dignity. International law, as well as federal and provincial governments, are increasingly recognizing and implementing these rights. Achieving our agenda is in everyone's interest. Self-governing and self-sufficient First Nations will contribute strongly to Canadian society. They can keep alive knowledge and values that enrich this country's diversity and richness; they can maintain and harvest natural resources in a sustainable way—and do so in partnership with government and private enterprises. And they can produce individuals who are both proud of their traditions and adept in 21st-century skills and knowledge, which is crucial for Canada's future prosperity and competitiveness, because young Aboriginal persons are an increasing part of the workforce.¹

Aboriginal leaders and communities across Canada are searching for ways to achieve recognition of their rights and to realize their vision of self-reliance. They see sustainable economic development, particularly community economic development, as vital in terms of achieving self-reliance for their communities. For Chief M. Bryan LaForme of the Mississaugas of the New Credit First Nation, sustainable economic development means primarily three things. First, to be a self-sufficient and independent First Nation, economic development must be achieved in a manner that is consistent with the Nation's values. Second, the Nation must have sufficient commercial

enterprises to provide employment to meet the basic needs of its members. Finally, through its enterprises, the community must be able to generate funds in order to finance services for the Nation.²

The creation of employment opportunities remains a critical issue for Aboriginal communities. The recent Conference Board of Canada report *Creating Wealth and Employment in Aboriginal Communities*³ found that despite considerable efforts by Aboriginal leaders, governments and other organizations, the unemployment rate in Aboriginal communities remains high. Due to higher birth rates and increased life expectancy for this group, the Aboriginal population is the fastest growing segment of Canadian society. With approximately half of the total Aboriginal population currently under the age of 25, there will be an increasing need for jobs in Aboriginal communities.

Aboriginal leaders see sustainable economic development as vital in terms of achieving self-reliance for their communities.

Aboriginal leaders want to provide economic stability and employment opportunities for their members, especially for youth in their communities. They see band-owned enterprises as the vehicle for creating employment and wealth, setting the community on the path to economic self-reliance. Aboriginal leaders recognize that the success of this approach depends on the long-term profitability of the businesses that they create. In order to improve the viability of their businesses, Aboriginal people are forming partnerships amongst themselves and with outside corporations. They are also devoting considerable efforts to developing community capacity through education, training and institution building.

To take a community from external dependency and substantial unemployment and set it on the path to economic self-reliance is one of the hardest transitions that a community can make, but some Aboriginal communities

across Canada are doing just that. This report follows the examples of five Aboriginal communities that are achieving economic self-sufficiency through community planning, hard work and determination:

- The Osoyoos Indian Band (British Columbia);
- The Lac La Ronge Indian Band (Saskatchewan);
- The Membertou First Nation (Nova Scotia);
- The Mississaugas of the New Credit First Nation (Ontario); and
- The Vuntut Gwitchin First Nation (Yukon).

In the following chapters we will examine in more detail the key components that have made these Aboriginal communities so successful:

- the community economic development plan;
- the creation of band-owned enterprises;
- effective governance and management; and
- the growth of business through market access, joint ventures and risk management.

1 Phil Fontaine, "First Nations Rights Are Contractual and Benefit Everyone," *The Globe and Mail*, July 21, 2005, p. A 15.

2 Information collected from an interview with Chief M. Bryan LaForme, conducted in March 2005 as part of the case study research.

3 Stelios Loizides and Wanda Wuttunee, *Creating Wealth and Employment in Aboriginal Communities* (Ottawa: The Conference Board of Canada, 2005).

The Community Economic Development Plan

Community economic development is an approach used to balance economic, social and environmental objectives. In Aboriginal communities there is a commitment to Aboriginal culture and values, reflected in an orientation to community economic development that maintains or re-establishes the traditions of cooperation, sharing and respect. For Aboriginal communities, developing a strategy or community economic development (CED) plan is an important step towards self-reliance. The CED plan articulates the vision of the Aboriginal community. It establishes priorities, sets goals, and determines what activities will be undertaken to achieve economic self-reliance.

In “Aboriginal Entrepreneurship and Economic Development in Canada,”¹ Anderson and Giberson state that business development and the growth of enterprises—the identification of market opportunities, and the production and supply of goods and services in response to these opportunities—lie at the heart of Aboriginal economic development strategy. This strategy aims to accomplish various Aboriginal socio-economic objectives:

- greater control over economic activities on Aboriginal traditional lands;
- self-determination and an end to dependency through economic self-sufficiency;
- the preservation and strengthening of traditional values in economic development and business activities; and
- improved socio-economic conditions for individuals, families and Aboriginal communities.

The chief and band council must consult with community members and develop a strategic plan for their community. It is essential that the whole community embrace and be committed to the CED plan, and that members be supportive of the proposed business activities and/or enterprises. With potentially significant economic and social changes occurring, consultation and ongoing communication with community residents is important.

Businesses must be selected on the basis of their ability to help the community reach its economic development goals. It is important that the community play to its comparative advantage in terms of the interests and aspirations of community members, access to land and resources, availability of management expertise and technical skills, and location. There must be a full assessment of the community’s business possibilities, including its strengths, weaknesses and opportunities. The community economic development plan will often include the creation of band-owned business enterprises that can meet market needs. Opportunities for business partnerships, supplier relationships and joint ventures can be explored. The role of privately owned businesses can be discussed and a “balance” sought giving both privately owned and band-owned enterprises a role to play in the development of the community. Finally, a community economic development plan might include decisions about how the benefits of wealth creation will be distributed.

In the case of the Membertou First Nation (Nova Scotia), Chief Terence Paul made a conscious decision that the status quo of dependence on government funding was leading to annual budget shortfalls and was unsustainable. He resolved to set his community on a new path, stating:

By the mid-1990s, it became clear to me that the existing model of dependence on government and ever-increasing welfare payments and annual budget overruns (leading to an operating deficit of a million dollars before the transition) was not only broken but unsustainable. There had to be a better future for the community, and I was determined to find a different direction.

With the support of the Cities and Environment Unit at Dalhousie University, Membertou developed a community plan that took a balanced approach to economic development and that included environmental protection

provisions. Preference was given to band-owned businesses in order to share the proceeds from economic development with the community. In terms of its strategy for private sector development, the band decided to make small grants available for engaging consultants and for similar purposes. The allocation for a given year was to be in the order of \$30,000 for the entire community. The band also decided to employ an economic development officer who could assist entrepreneurs in starting or expanding their businesses, especially by helping them gain access to grants, loans and other funds. Investments in community infrastructure, such as roads, sidewalks, and water and sewer facilities, would also provide indirect support to the private sector on the reserve.

The move to obtain ISO 2000 certification can be seen as a deliberate signal to the private sector that Membertou is open for business.

Membertou does not have any plans to change the private-public balance of ownership on the reserve, and indeed its plans for business expansion include possible ventures that would be both privately and publicly owned. The move to obtain certification under the ISO 2000 process can also be seen as a deliberate signal to the private sector, both on and off reserve, that Membertou is open for business and committed to the highest standards of government service in support of that objective.

The Osoyoos Indian Band (British Columbia) has articulated its community economic development plan in the form of specific goals.² (See box, “Osoyoos Indian Band Goals.”) These goals address a number of community needs, including reducing dependence on government funding and achieving economic self-reliance through land and resource development, and business growth.

The Mississaugas of the New Credit First Nation (Ontario) adopted a community economic development plan more than 20 years ago. For Carolyn King, community leader and ex-chief, it was a list of “all the things we would like to do.” It was the band’s simple version of an official CED plan. The council consulted with the community and conducted a survey asking people what they wanted to accomplish over the next 20 years. Community members studied the results of the survey at a community meeting and ranked their priorities. The list is still posted in the council boardroom. It reveals a community that dreams of an improved quality of life with more land, better houses, secure jobs, health care, and a library. Above all, the community wanted economic development that would be compatible with a rural lifestyle. Carolyn King has since been checking off the wishes that have come true: increased employment, better housing, a health-care centre with qualified personnel, a community library, and the planting of 20,000 trees. The community set out to build pride by reviving its culture, language and traditional ceremonies, and it has done that.

Osoyoos Indian Band Goals

- To increase the level of education in the following areas: academic, athletic, vocational and cultural—and ensure that this responsibility will be shared by the band, parents and students to motivate lifelong learning.
- To decrease the dependency on government funding through increased levels of self-generated income, joint ventures, leasing, land and resource development, so that economically we can one day be self-sufficient.
- To develop programs that reduce dependency and create community involvement that brings back the traditional Indian concepts of honour, caring, sharing and respect.
- To promote a well-disciplined organization that will reduce the political influence within the band and its agencies.
- To increase the standard of living opportunity for every Osoyoos Indian Band member.

Source: www.oib.ca/oibdc.htm

1 Robert B. Anderson and Robert J. Giberson, “Aboriginal Entrepreneurship and Economic Development in Canada: Thoughts on Current Theory and Practice.” In *Ethnic Entrepreneurship: Structure and Process*, Craig S. Galbraith and Curt H. Stiles, eds., *International Research in the Business Disciplines*, M. Ryan, series ed., Volume 4 (Amsterdam: Elsevier/JAI, 2003), pp. 139–165.

2 Source: www.oib.ca/oibdc.htm.

Band-Owned Enterprises

Sustainable community economic development is vital in terms of achieving self-reliance for Aboriginal communities. Band-owned enterprises are among the key components that contribute to sustainable community economic development. In all five Aboriginal communities studied for this report, there was a preference for band-owned enterprises. Privately owned businesses, when present, played a small role in their community economic development efforts.

Preference for band-owned (as opposed to privately owned) enterprises reflects the commitment of Aboriginal leaders to engage in economic development activities that maximize benefits for the community. It also reflects the fact that most resources and/or assets forming the “capital” for business development are held collectively—notably land, the “right to resources,” and the proceeds from land claim settlements and treaties. The community must decide which band-owned enterprises would be viable and successful given their comparative advantage: access to land and resources, proximity to major industry and/or urban centres, human capital and quality infrastructure. Careful planning and due diligence are needed before investing in the selected band-owned enterprises, in order to minimize risk.

Enterprise profits can be reinvested to grow the business, distributed directly to community members, or used to address community social needs.

Band-owned enterprises are geared to maximizing community welfare and sharing the profits from business development with the community. In addition to employment opportunities, successful band-owned enterprises generate wealth and profits for their communities. The profits from these enterprises can be reinvested in expanding the business, distributed directly to community members, or used to address community social needs.

The development corporation has an important role to play in the establishment and growth of for-profit band-owned enterprises. It is the business arm of the band council and provides the legal means for investing in these businesses. The development corporation’s board of directors is responsible for the direction and oversight of band-owned enterprises. The management of the development corporation is responsible for the day-to-day operations of the businesses.

Kitsaki Management Limited Partnership is the business arm of the Lac La Ronge Indian Band in northern Saskatchewan. From its creation in 1981, Kitsaki’s strategy for improving the socio-economic circumstances of the Lac La Ronge communities has been to form sound, secure partnerships with other Aboriginal groups and successful world-class businesses in order to generate revenue and employment for band members. Kitsaki’s strategy has been to create, buy, develop or invest in businesses that are relevant to the Lac La Ronge Indian Band and the regional resources and economies. These include business related to northern Saskatchewan mining activities, hospitality and tourism, and the harvesting and sale of wild rice and mushrooms. Kitsaki tries to obtain a majority interest in a business with a highly motivated entrepreneur or a strong corporate partner. Kitsaki then works with that entrepreneur or partner to maximize profits, employment, and training opportunities. Kitsaki has now created and managed a number of business ventures, some of which are wholly owned, while others are joint ventures and partnerships. Kitsaki’s most successful band-owned enterprises include Athabasca Catering, The La Ronge Motor Hotel, Northern Resource Trucking, Northern Lights Foods, and Wapawekka Lumber Ltd.

The motto of the Osoyoos Indian Band Development Corporation is “Working with business to preserve our past by strengthening our future.” Two of the development objectives of the band and the development corporation are to achieve full employment for its members and

become economically self-sufficient by 2010. For Chief Louie, economic development and the self-sufficiency it creates are the best ways to secure the right of the band's people to be who they are, to take pride in their heritage and to protect the fragile desert landscape in which a good part of their cultural identity is forever rooted. Through the Osoyoos Indian Band Development Corporation, the band owns and operates a number of profitable enterprises: a construction company, a sand and gravel company, a forestry company, a campground, a recreational vehicle park, a golf course, two housing developments, and a grocery store. The Nk'Mip Project is the band's largest business initiative. It consists of an estate winery (Nk'Mip Cellars), the Nk'Mip Desert and Heritage Interpretive Centre, a new golf course, and a residential recreation complex, all located adjacent to its existing RV park and campground. The Nk'Mip Desert and Heritage Interpretive Centre attracted approximately 7,000 visitors during the 2003 season, in spite of serious forest fires that limited tourism in the region in late summer. It attracted 9,000 visitors in 2004. In 2006, when the new building is open, 20,000 visitors are expected to come. The project has been a great economic success for the community; the businesses have provided employment while protecting important traditional lands, history and values.

The Osoyoos Indian Band's largest initiative consists of an estate winery, an interpretive centre, a golf course, and a residential recreation complex.

For Joe Linklater, the chief of the Vuntut Gwitchin First Nation (Yukon), it is clear what role Vuntut Gwitchin-owned enterprises play in his community's economic development efforts. In 1999, the Vuntut Development Corporation was established to take advantage of economic opportunities on a for-profit basis on behalf of its shareholder (the Vuntut Gwitchin). The corporation plans for and facilitates the creation of successful business ventures. Chief Linklater believes that "the objectives of the Vuntut Development Corporation should always be consistent with the overall objectives of the Vuntut Gwitchin First Nation."

The corporation balances economic development with respect for the natural environment and the traditional lifestyle and culture of the Vuntut Gwitchin. The Vuntut Development Corporation has a number of successful business partnerships and investments. It has partnered with a respected Whitehorse-based construction firm and formed a company that provides jobs building winter roads and assists with quarry development and other projects. This new company employs 10 local seasonal workers and provides training and experience with heavy equipment operation. The Vuntut Development Corporation has also purchased a minority share (49 per cent) of a Yukon airline company called Air North Ltd. Air North has been offering flights to Vancouver, Calgary and Edmonton on 737 aircraft for over two years, as well as flights between northern communities for almost 30 years. The company has more than 130 employees and contributes over \$1 million annually to the local Yukon economy.

The Vuntut corporation balances economic development with respect for the environment and culture.

The Membertou First Nation values band-owned businesses and is committed to sharing the proceeds from economic development with the community. The main band-owned businesses on reserve are the Membertou Market (which includes a gas bar, grocery store and takeout restaurant), the Membertou Gaming Facility and the very large Trade and Convention Centre (which also includes a large restaurant). Other band-owned businesses are less visible in terms of buildings on reserve, but they include partnership arrangements in the fishery and other sectors, as well as partnerships with consulting firms and other ventures that are managed through the Membertou Corporate Division, the band's economic development office in Halifax. With respect to its private sector, the band provides some limited support, but most of its time and energy is devoted to the development, care and nurture of the band-owned ventures. This reflects the commitment of the leadership to engage in economic development activities that maximize benefits for the community. Privately owned businesses are appreciated because they

employ community members and generate a living for their owners, but the band recognizes that profits from these businesses are not shared with the community except in the normal giving of charitable donations to hockey teams and the like.

The Mississaugas of the New Credit First Nation has established band-owned enterprises and encouraged privately owned companies in order to create wealth and employment for its community. The band's economic development corporation owns and manages an industrial park that has attracted Mohawk Rock, a manufacturer of

natural-looking veneer products. It also owns a commercial plaza where retail and office space is available for lease. Royal Flush Gaming Ltd. is a band-owned enterprise that supplies gaming items to casinos. Mohawk Rock and Royal Flush Gaming employ band members. Because of these successful business enterprises and an increase in band employment, the Mississaugas of New Credit First Nation has reduced unemployment from 25 per cent to 10 per cent in just three years. One of their enterprises, Royal Flush, generated \$8 million profit in 2004. The band has recently planted 20,000 trees and hopes to start a forestry industry in the future.

Governance and Management

Band-owned enterprises require effective governance and management. Governance is provided by the board of directors of the band's development corporation. The board of directors provides direction and oversight, and must work with the management of the development corporation in a cooperative and unified way to ensure that band-owned enterprises are run efficiently. Good communication and the timely flow of information establish the transparency, accountability and trust that are needed for optimal performance. It is important that the board of directors inform the community about the status of band-owned enterprises. The board will sometimes need to seek the approval of community members when a major decision is to be made. Good governance requires that there be ongoing consultation and communication with the community about business decisions, financial status and the distribution of benefits. It will be beneficial to explain what is happening, why changes are being made and what impact new band-owned enterprises will have on people, the community and the environment.

It is important that the board of directors inform the community about the status of band-owned enterprises.

The Osoyoos Indian Band Development Corporation is governed by a board of directors. The voting members of the board are the band's chief and councillors, who are elected by the community. At election time and throughout their terms of office, they are accountable to the community for their actions, including decisions they make about the activities of the Osoyoos Indian Band Development Corporation and the results they achieve. As evidence of the quality of the governance to date, the current chief has served continuously for 20 years with the exception of one two-year term. There are six non-voting advisers on the board selected for their expertise. While they are non-voting, the opinions of the advisory board members are respected and the elected voting directors rarely take decisions that fly in

the face of this advice. Further, most issues do not reach the board until they have passed through a committee or committees made up of voting and non-voting board members and others who thoroughly review the issue or proposal. This is particularly true with respect to the evaluation of new business opportunities and/or the expansion of existing ones.

The elected chief of the Osoyoos Indian Band is also the chief executive officer of the development corporation. The chief executive officer and chief operating officer form the senior management of the development corporation. The day-to-day operation of each Osoyoos Indian Band Development Corporation enterprise is the responsibility of that enterprise's business manager. The development corporation supports these managers by offering ongoing financial and human resources advice.

The Osoyoos Indian Band Development Corporation, like any other corporation, reports to its shareholders and stakeholders quarterly and annually. Issues relating to the Osoyoos Indian Band Development Corporation come up regularly at the meetings of the chief and council in their role as the community government, and these meetings are public. In addition, the development corporation holds regular meetings with stakeholders about current and proposed activities that will have an impact on them, to keep them informed and to elicit their input. (Because of the small size of the Osoyoos community, this is not as challenging as it might seem at first.) And finally, with elections every two years, the election campaign and related scrutiny are virtually continuous and ensure that voting directors remain accountable.

The Vuntut Development Corporation (Vuntut Gwitchin First Nation) is governed by a six-member board of directors acting in accordance with the corporate bylaws and the corporate strategic plan. Board members are elected annually by the First Nation General Assembly. Board candidates have to meet minimum qualification requirements to ensure that they have the necessary expertise and experience. The corporation is managed

by the executive director, who employs reputable legal and accounting services to monitor all the financial and legal transactions of the corporation. Budget limitations on spending, along with restricted signing authorities, allow for transparent financial transactions. Every year at the General Assembly of the Vuntut Gwitchin First Nation, the Vuntut Development Corporation tables a report and takes questions directly from their shareholders.

The Vuntut Gwitchin First Nation has recently changed the bylaws to allow the Vuntut Development Corporation to be a separate legal entity outside the control of the political body of the First Nation (similar to the trusts used to manage land claims settlement funds). The Corporation will remain a for-profit corporation and the board of directors will continue to act in the best interests of the community.

In the Mississaugas of the New Credit First Nation, there is a close relationship between the chief and the community's economic development officer. They work together to ensure effective management of band-owned enterprises and regulation of privately owned businesses. Both leaders believe strongly in informing the community about important decisions regarding band-owned enterprises. They do so during community meetings and through the community newspaper.

These examples illustrate the fact that political leadership has an important role to play in economic development, but the interplay between political priorities and business decisions must be managed. Political leadership is instrumental in developing and implementing the vision of where the community wants to go; putting in place a well-qualified public service; and introducing a clear set of rules for business, whether band-owned enterprises or privately owned companies. The trick is to have

a clear understanding and set of rules that permit businesses to make decisions that are in the interests of the viability of their operations, rather than having these decisions subsumed by political considerations. At the same time, the political leadership of the band must put in place bylaws and regulations that promote responsible business behaviour and minimize negative environmental and social impact.

The Lac La Ronge Indian Band's chief and council take pride in the fact that they hire not only their own band members but other Canadians as well.

The relationship between the Lac La Ronge Indian Band leadership and Kitsaki Management Ltd. Partnership is a good example of the positive interplay of politics and business. The chief and band council serve on Kitsaki's board of directors. They know that profitable business development will ultimately lead to job creation and training opportunities for their people. They also recognize that business has to run somewhat differently from politics. They understand, for example, that it takes a number of years to get a business running successfully. They do not try to force management into timelines that are driven by elections, and this has been very helpful. They also recognize that, while they are always pushing management to hire more band members, there are not enough band members with the skills required for all of the band-owned enterprises. So, if there is a need to go out and hire other Aboriginal or Canadian people to do certain jobs, they accept that fact. The chief and council take a certain amount of pride in the fact that they hire not only Lac La Ronge band members but other Canadians as well.

Growth of Band-Owned Enterprises

The five Aboriginal communities documented in this report have been successful in creating wealth and employment, primarily through band-owned enterprises.¹ These communities are aware of the economic and social challenges facing them, especially in terms of the growing population that is entering the labour force. These communities are constantly searching for opportunities to expand existing businesses by reaching into new markets and/or developing new products for current markets. They are looking at local, regional, national and global market opportunities. In addition to increasing their market access, these Aboriginal communities are looking at partnering with outside companies as a way of “opting into” the global economy. This approach is outward-looking, focusing beyond the community and/or Aboriginal markets.

MARKET ACCESS

The Aboriginal communities highlighted in this report are using one or both of two strategies to expand their band-owned enterprises. The first strategy involves penetrating new markets with existing products and services. The second strategy identifies and develops complementary products for already existing markets. The Lac La Ronge Indian Band (Kitsaki) provides an excellent example of both of these strategies at work. The Osoyoos Indian Band provides a good model of a band that is successfully expanding its market for wine and tourism by promoting its Aboriginal lifestyle, culture and unique desert environment.

Former Chief Harry Cook of the Lac La Ronge Indian Band is convinced of the need to create and expand businesses. As he says, “because unemployment is so high in our community, it is a necessity that we continue to create jobs and training opportunities here at Kitsaki. One great way to do that is selling goods and services to people outside our community.” The Lac La Ronge Band is aggressively expanding

Kitsaki’s operations in several ways. A key strategy is expansion into selected international markets, mainly in Europe, Japan and the United States. The export strategy has two aspects. The first is the penetration of new markets with existing products (primarily beef jerky and wild rice). The second is the identification and development of complementary products for the same target markets. For both existing and complementary products, the strategy adopted has been to develop a distinctive brand and product mix built on the themes of indigenous, traditional, healthy and organic products coming from a pristine natural environment. Northern Lights Foods is the vehicle created by the band to pursue this strategy.

Northern Lights Foods is the product of a carefully crafted and successfully implemented strategy to take Kitsaki’s products—initially wild rice and beef jerky—to world markets. Prior to 1999, Kitsaki had modest success with both products internationally and wanted to build on this foundation. The company saw the opportunity to “brand” its products, and in doing so to appeal to the growing organic market and the market for nutritional snacks. Kitsaki felt that it could build this image around four sources of competitive advantage. The first is the success of having their wild rice certified as organic (followed by the mushrooms and soon the berries). The second is the widely held international image of northern Canada as a pristine wilderness, “natural” and free from pollution. The third source of competitive advantage is the image of Aboriginal people as traditional and closer to nature. Finally, Kitsaki has experience in the wild rice and beef jerky industries, and has an established distribution network. On the basis of these strengths, Kitsaki set out to expand its businesses by building a product mix of complementary organic and “healthy” products.

In order to develop the strategic and marketing plans necessary to successfully exploit the opportunity that they identified in the international market for organic northern products and healthy snacks, Kitsaki sent

representatives to several trade shows in Europe and Japan. As a result of the knowledge gained and contacts made at these industry events, Kitsaki began to implement its strategy in 1999 with organic wild rice. Most of this output, while organic and under the auspices of Northern Lights Foods, was in the form of bulk sales to wholesalers. As a result, by 2002 the company had become the leading supplier of organic wild rice in Europe with a 60 per cent market share distributed through five of the seven largest wholesalers in Europe. In 2002, Northern Lights introduced its own branded packaged rice in the French, Northern European and United Kingdom markets, markets not served by their current wholesalers (in order to avoid direct competition). Northern Lights also made inroads into the Japanese and American markets. As a result of these activities, wild rice revenues increased from \$1 million in the year ending March 31, 2002, to \$1.3 million in the year ending March 31, 2003. Annual sales are expected to grow to \$2.2 million in the year ending March 31, 2007.

To meet the growing demand for organic wild rice, the company had to expand its source of supply. It now buys rice from independent growers from across Northern Saskatchewan. At the peak of the season, rice operations provide employment to more than 700 people, many of them independent small-business operators. Furthermore, the employment is “on the land” and a good fit with other seasonal land-based activities such as trapping, hunting, fishing, and mushroom and berry harvesting.

Kitsaki saw the opportunity to add value to the mushroom industry by purchasing mushrooms from the region’s harvesters, processing them locally and marketing them through its existing channels.

In 2002, Northern Lights Foods added organic wild mushrooms to its mix—chanterelles and morels for the European and North American markets and pine (matsutake) mushrooms for the Japanese market. Mushroom harvesting was not new to the people of the Lac La Ronge area. Annual harvests had been occurring since mid-1980. Until Kitsaki entered the market, local pickers sold their mushrooms to buyers from outside the region, usually from British Columbia. As part of its Northern Lights strategy, Kitsaki saw the opportunity to add value to the mushroom industry by purchasing

mushrooms from the region’s harvesters, processing them locally and marketing them through its existing channels as a logical extension of the wild organic product line. The company expects to open new channels, especially to market the pine mushrooms in Japan.

The beef jerky product line has proven to be problematic, in spite of the fact that its sales are projected to exceed the combined figures for rice and mushrooms. First, unlike the rice and mushrooms, the meat products are not organic and so must be marketed as a nutritional and healthy snack—something distinctly different from an organic product. Second, the current plant is running at full capacity and will have to be expanded to support additional sales. In spite of these problems, Kitsaki feels that the meat products hold great promise; they have prepared an ambitious business plan for the construction of a new plant and the expansion of the meat snack division.

The success of the Nk’Mip Project depends on the growth of enterprises in the wine tourism and eco/cultural tourism market segments.

Building on the foundation provided by its successful development activities to date, the Osoyoos Indian Band’s current activities and future plans centre on a group of business activities together called the Nk’Mip Project. Included in this \$25-million project are the recently opened winery, Nk’Mip Cellars, and associated vineyards; an operational recreational vehicle park and campground; the \$5-million Nk’Mip Desert and Heritage Interpretive Centre, currently operating out of temporary facilities; a 120-room full-service hotel in the planning stages; a residential resort; and a new golf course. The existing and proposed ventures will be located in close proximity on a 1,200-acre parcel of band land that adjoins the town of Osoyoos and fronts on Osoyoos Lake. The new golf course began operations in 2004, as did the sale of vacation units and the construction of the resort buildings.

The success of the Nk’Mip Project depends on the growth of enterprises in the wine tourism and eco/cultural tourism market segments. Nk’Mip Cellars and the Nk’Mip Desert and Heritage Interpretive Centre, along with the golf course and vacation complex, are the primary vehicles being developed by the Osoyoos Indian Band to pursue economic development. They have been

successful to date and show good prospects for continuing growth. The Interpretive Centre began operation in the temporary facility on June 13, 2002. Construction of the permanent building began in early 2005, and the opening is scheduled for the 2006 season. As well, a start has been made on interpretive trails, and a traditional Okanagan village has been built. Chief Clarence Louie of the Osoyoos Indian Band is especially proud of the Nk'Mip Desert and Heritage Interpretive Centre:

The Desert and Heritage Centre is probably going to be our biggest business venture, and it's going to combine all of those things that you see in a first-class desert interpretive centre—the educational stuff, the scientific stuff, the desert trails, the walks, the scientific interpretive stuff The other major component of it, which is really special, is the uniqueness of the Okanagan First Nations, with the language and the heritage and the cultural component to it.

Currently, the vast majority of tourists using Aboriginal tourism businesses are from Canada and the United States. However, recently there has been significant interest from European travellers. This European interest in Aboriginal sites and attractions, while promising, is constrained by limited market awareness of Aboriginal tourist destinations and poor access to effective distribution intermediaries. The Osoyoos Indian Band believes that in order to generate awareness of Aboriginal tourist destinations among European tourists, marketing efforts must be directed at European tour operators. These marketing efforts should highlight the Aboriginal lifestyle and culture in conjunction with the themes of nature, history and adventure; the Nk'Mip Project can offer all these elements to tourists.

BUSINESS RELATIONSHIPS

Aboriginal communities are establishing business relationships with outside corporations in order to expand their band-owned enterprises. Business partnerships, supplier relationships, and joint ventures enable band-owned enterprises to access capital, as well as management and technical expertise, and to expand the markets for their products and services.

The Osoyoos Indian Band has been involved in the wine business for over 35 years. In 1968, the band entered into a business partnership with Andres Wines

Ltd. and planted its first vineyard. This grew into the band-owned 230-acre Inkameep Vineyard, which provides high-quality vinifera grapes to many of the wineries in the Okanagan Valley and further afield. In 1980, the Osoyoos Indian Band erected a building near the Inkameep Vineyard, which it then leased to T.G. Bright & Co. (now Vincor International Inc.) to be equipped as a winery. Another 1,000 acres of vineyard was developed on Osoyoos land, most of it in partnership with Vincor.

Nk'Mip Cellars is the second Aboriginal-owned winery in the world, the first in North America.

Vincor is now Canada's largest wine producer and is the Osoyoos Indian Band's joint venture partner in Nk'Mip Cellars. This \$7 million project opened its doors in 2002 and it includes the 18,000 square foot winery and an extensive vineyard. Nk'Mip Cellars is North America's first Aboriginal-owned winery and the second Aboriginal-owned winery in the world. (A Maori-owned winery opened in New Zealand in 1998.) The Osoyoos Indian Band owns 51 per cent of the venture while Vincor owns the remaining 49 per cent. Donald Triggs, Vincor's chief executive officer, described the positive working relationship between Vincor and the Osoyoos band:

We have a very long and important relationship with the band. Two-thirds of the employees in the winery are from the band. Our relationship goes back 25 years. Our winery is on band land. We now have vineyards developed on band land of over 800 acres. Our future in the Okanagan is very much intertwined with the future of the band.

The joint venture between the Osoyoos Indian Band and Vincor has been a business success for both partners. Nk'Mip Cellars has given Vincor access to vineyards in one of the hottest and richest growing climates in Canada. At the same time, it has enabled the Osoyoos Indian Band to expand its wine business. At least as important as Vincor's financial investment is the corporation's expertise. As Donald Triggs says, "We have shared with them everything that we know in designing the winery, in processing and in managing hospitality." Vincor will be the managing partner in Nk'Mip for 10 years, after which it can sell its interests to the Osoyoos Indian

Band. Nk'Mip currently produces Chardonnay, Pinot Blanc, Pinot Noir and Merlot, exclusively from grapes from the Inkameep Vineyard. Nk'Mip expects to sell at least 40 per cent of this output to tourists visiting the winery. Most of the remaining production will be distributed through Vincor's marketing channels to restaurants and specialty wine stores. There is also an interest in the international market, so wine reviewers were invited to the official opening of Nk'Mip Cellars.

The Membertou First Nation has achieved a high profile in the Cape Breton and provincial economy. Much of the attention has been focused on business partnerships and joint venture arrangements with major national and multinational corporations. Membertou has been successful in developing business relationships with a number of outside corporations eager to take advantage of the community's assets, location and credibility. The band established the Membertou Corporate Division in Halifax to develop and manage these partnerships with businesses at the local, national and international levels.

What drove us to downtown Halifax . . . is [the] fact that businesses have their headquarters here or subsidiaries of large corporations are here, so the best thing to do was to be where they are and again to say we are serious about what we plan on doing in the future.²

Joint ventures and similar business agreements have been made with major corporations such as Lockheed Martin Canada, Sodexo Canada, Grant Thornton LLP and SNC-Lavalin. In 2001, Membertou became the first Native community in Canada to obtain ISO 9001:2000 compliance, a designation that is given to businesses that adhere to strict global standards of accounting, management and service. Chief Paul explains his vision in the following way:

This is an extremely dynamic time in our history, a history that recalls the fact that the Mi'kmaq Nation never ceded or surrendered their rights to these lands. We are a strong and proud people and today we stand ever proud. I venture to say that the community of Membertou is an exciting place to be, to live and work. With our ISO designation, we extend our hands and say to Canada and the world, Membertou is open for business, come and join us.

Membertou's joint venture with Clearwater Fine Foods is a good example of a venture that has yielded clear benefits for the band in terms of jobs and revenue. Membertou was in a strong position entering the business partnership because Clearwater was interested in taking advantage of the community's fish quota. Clearwater gained access to a portion of Membertou's quota for fish and seafood and, in exchange, agreed to process the seafood, with 20 jobs set aside for Membertou band members and the product marketed under the Membertou label.

While joint ventures have generally been a good way for the Membertou First Nation to grow their businesses and expand their markets, there have been some challenges associated with the joint venture strategy. Given the power, money, technical expertise and market-related contacts of multinational companies, it is sometimes difficult for the band to exercise leverage, even though the multinational is interested in the partnership in order to take advantage of affirmative action or set-aside criteria.

Membertou has successfully developed business relationships with outside corporations eager to take advantage of its assets, location and credibility.

The bidding process also produces a dilemma for the band with respect to preparing its labour force. If training begins before a bid is accepted—as it should given the time required to train a labour force for relatively skilled positions—the effort could be wasted if the bid put forward is not accepted. If, on the other hand, the band waits until the bid is successful, then it is probably too late to train band members adequately. Band leaders hope that large business opportunities will come through, but this often places major demands on the community to quickly provide the capital or labour force that the deal requires. In short, the joint venture strategy can be high-risk, and it involves considerable investment of energy in building the partnership and engaging in the bidding process.

Federal government departments are providing more support to Aboriginal economic development, and that support is coming not only from Indian and Northern Affairs Canada but also from other departments, such as the Atlantic Canada Opportunities Agency and Aboriginal

Business Canada. Cooperation among First Nations and the provincial and federal governments is enhanced by formal tripartite mechanisms that deal with economic development as well as other fields. Of particular assistance to the Membertou First Nation have been federal set-aside programs that provide an incentive for companies to partner with Membertou so that they can qualify for government purchases and contracts set aside for Aboriginal businesses.

RISK MANAGEMENT

When Aboriginal communities decide to grow their band-owned enterprises through reinvestment of revenues or by investing in new businesses, they must apply due diligence in order to manage risk. Communities (via their development corporation) should decide on appropriate profitability, risk and employment criteria when selecting potential investments. The goal is to identify a market need and provide a product and/or service to meet that need, while creating the maximum number of jobs for the community. All five communities documented in this report continue to pursue a balanced approach to business development and growth. They attempt to establish and grow band-owned enterprises while minimizing the risk of failure for the community.

The Osoyoos Indian Band applied due diligence in deciding how to proceed with its biggest business venture, the Nk'Mip Desert and Heritage Interpretive Centre. Chief Clarence Louie described his approach to risk management associated with this big financial investment:

I don't care what kind of business you run, you have to plan carefully. You know, you have to prove the numbers that you're contemplating as far as visitors, and prove that the business has the capabilities of financially surviving. And also, in order to build a multi-million dollar building, it's good to go through the initial stage of having a temporary structure, just to prove all the work you're going to do and millions and millions of dollars of fundraising makes financial and business sense.

The Kitsaki Management Limited Partnership of the Lac La Ronge Indian Band has a rule of thumb when it comes to investing in a new or existing business. They normally look to invest only in a business that can hire a minimum of 8 to 10 employees and is large enough to support a professional manager. They shy away from the investments that many other First Nations make, such as in confectionaries or marinas—businesses that require just one, two, or three employees. These businesses are not large enough to support a professional manager and they do not create enough jobs for the community. Larger businesses, such as the La Ronge Motor Motel, can employ a professional manager who will increase the chance of business success.

Choosing appropriate profitability, risk and employment criteria is key when selecting investments.

Kitsaki examines many potential business opportunities and selects only a few that meet appropriate profitability, risk and employment criteria. It takes many years to have an economic impact on thousands of band members, but to date, Kitsaki's investments have proven successful. Kitsaki seeks to create and manage a portfolio of active business investments rather than individual companies. They try to obtain a majority interest in a business with a highly motivated entrepreneur or a strong corporate partner. They then work with that entrepreneur or partner to maximize profits, employment and training opportunities.

In order to make good business investment decisions, the Membertou First Nation relies increasingly on its own in-house resources rather than engaging outside consultants. The name of the game is to use their business expertise to decide that one project—halibut farming, for example—would yield poor returns, while another project—such as establishing a data storage centre linked to work being done on the Sydney tar ponds—would have much more potential.

1 See Appendix for detailed community profiles.

2 Bernd Christmas, as quoted in Tom Peters, "Christmas Present: As CEO of Membertou Development Corporation, Bernd Christmas Has Helped to Turn the Band's Fortunes Around," *The Chronicle-Herald*, January 9, 2005, Business Section, F1.

Conclusion

ABORIGINAL COMMUNITY ECONOMIC DEVELOPMENT PLANS AND SELF-SUFFICIENCY

A boriginal leaders see economic self-sufficiency through planned community economic development as the key to self-reliance. Aboriginal communities believe that they can achieve economic self-sufficiency through increased participation in the economy, and they have developed strategic development plans that reflect this belief.

Band-owned business enterprises are given priority in these communities because their focus is on community well-being rather than private profit.

The five Aboriginal communities documented in this report—the Osoyoos Indian Band, the Lac La Ronge Indian Band, Membertou First Nation, Mississaugas of the New Credit First Nation and Vuntut Gwitchin First Nation—provide strong examples of what can be achieved

with committed leadership, a community vision, careful planning, hard work and determination. These communities are creating and growing businesses in order to generate the wealth and employment needed to preserve and strengthen their communities, and improve their socio-economic conditions.

The communities have established development corporations that select, govern and manage their band-owned enterprises in order to ensure that the businesses remain profitable and under community control. They have been successfully growing these businesses by expanding their markets and by establishing mutually beneficial business partnerships and joint ventures with corporations. Although these Aboriginal communities encourage private entrepreneurs, their role in the local economy is small. Band-owned business enterprises are given priority because their focus is on community well-being rather than private profit. Also, the distribution of benefits and costs from their operations are better aligned with the Aboriginal values of sharing and respect for the environment.

Community Profiles

OSOYOOS INDIAN BAND, BRITISH COLUMBIA

The Osoyoos Indian Band is located in the province of British Columbia. It has 567 members (370 of whom live on reserve) on a land base of 32,000 acres in the southern Okanagan Valley. The land of the Osoyoos Indian Band is among the most environmentally sensitive in Canada, containing part of the country's only desert ecosystem. More than 60 per cent of this unique ecosystem has been completely destroyed, and less than 10 per cent remains relatively undisturbed, much of it on Osoyoos land. This ecosystem provides habitat for a third of Canada's endangered species, among them half the vertebrates considered at risk, more than 100 rare plants and 300 rare invertebrates. Yet, it is this land that is the foundation for much of the Osoyoos Indian Band's wine/tourism-related economic development activity.

The Osoyoos Indian Band owns and operates a number of profitable businesses and has a highly successful joint venture with Vincor. In 1994, the band had revenues from commercial activities of \$1.3 million. By 2002, revenues from its 10 commercial activities had increased to \$12 million, an almost tenfold increase. In 2003, Osoyoos Indian Band Development Corporation businesses reported a profit of \$1 million. It is expected that these profits will grow by 20 per cent per year. In 1994, the value of payments received from the federal government exceeded self-generated commercial revenues. By 2003, self-generated revenues greatly exceeded the \$3.7 million received from the federal government. This success prompted Chief Clarence to say, "If all the federal funding dried up, we could still run programs at the same level of service." This latter statement serves to illustrate how the profits of the Osoyoos Indian Band Development Corporation are used. Fully 60 per cent go to fund community programs of various types; the remaining 40 per cent are reinvested in business operations.

Source-of-income data for the Osoyoos Indian Band from the 1986 and 2001 censuses confirm the increasing importance of employment income as a percentage of total household income. In 1986, employment income accounted for only 28.1 per cent of total household income among members of the Osoyoos Indian Band. By 2001, it had increased to 44.5 per cent—not yet self-sufficiency, but clear progress toward the goal and a considerable accomplishment.

Success on the employment front has been equally impressive, as confirmed by selected census data. Between 1986 and 2001, the Osoyoos Indian Band's participation rate increased from 34.6 per cent to 46.2 per cent, the unemployment rate fell from 29.6 per cent to 9.3 per cent and the employment rate increased from 25.6 per cent of the potential labour force (those 15 and older) to almost 42 per cent.

A list of band-owned business enterprises and/or business ventures follows:

- *Nk'Mip Cellars* is a highly successful joint venture between the Osoyoos Indian Band and Vincor International Ltd. (Osoyoos owns 51 per cent of the company while Vincor owns the remaining 49 per cent.) *Nk'Mip Cellars* include an 18,000 square foot winery and an extensive vineyard. Two-thirds of the winery employees belong to the Osoyoos Indian Band.
- The *Nk'Mip Desert and Heritage Interpretive Centre* is a band-owned tourism business that attracted 9,000 visitors in 2004. It is projected to attract 20,000 visitors in 2006, when the new complex is opened. The centre celebrates the history and culture of the Okanagan First Nation, and boasts guided walking trails and a traditional Okanagan village.
- *Nk'Mip Campground & RV Park* is a recreational vehicle park and campground.

- *Inkmeep Canyon Desert Golf Course* is the band-owned golf course located adjacent to the RV park and campground.
- *Inkameep Construction* is the Osoyoos-owned construction company.
- *Oliver Ready Mix*, band-owned, is a major supplier of quality concrete and aggregate.
- *Nk'Mip Gas and Convenience Store*, band-owned, offers gas and diesel fuel, as well as groceries, snacks and Native art.

VUNTUT GWITCHIN FIRST NATION, YUKON

The community of Old Crow, Yukon, is a fly-in community located in northern Yukon roughly 160 kilometres north of the Arctic Circle. Old Crow has a population of approximately 300 people, including almost 275 Vuntut Gwitchin citizens. There is an Elder population (60 years and over) of about 35. The local school goes to Grade 9, after which the children are sent out to Whitehorse to complete their high school education. The community of Old Crow has been in its present location since the early 1900s, and had relied mainly on trapping as its main source of income until the mid-1970s, when the bottom fell out of the trapping industry.

The Gwitchin Nation extends from northeastern Alaska through the north Yukon and into the north-western region of the Northwest Territories. Both before and following European contact, trading was common among neighbouring indigenous nations, until the fur trade came into the region. The “wage economy” gradually moved in and took many families away from the traditional lifestyle of hunting and trapping. Today, much of the traditional lifestyle revolves around subsistence hunting (caribou and moose) and fishing (Pacific salmon coming up the Yukon and Porcupine rivers).

On February 14, 1995, the *Vuntut Gwitchin First Nation Final Agreement and Self-Government Agreement* came into legal effect, giving the Vuntut Gwitchin authority over approximately 3,000 square miles of land (the vast majority of which includes sub-surface ownership) and approximately \$19 million in compensation payments over 15 years. The Vuntut Gwitchin have recently created a separate legal entity in the form of the VG Trust to oversee the management of this fund. The trust takes the money out of the influence and control of the political

body but it is still accountable to the Vuntut Gwitchin citizens (beneficiaries). Taxation agreements have been reached with the territorial and federal governments allowing the First Nation to collect personal income taxes and GST on settlement land. These taxes flow back to the First Nation and are used to offset the cost of programs and services delivered to the people.

The community of Old Crow and the Vuntut Gwitchin have gone through several phases. Originally, they practised an independent, land-based, hunting and trapping subsistence lifestyle. Then, from 1950 to 1995, under the *Indian Act*, they became an “Indian Act” band. Today, they have developed into a modern northern, wage-based community with a healthy cultural identity. Throughout this period, the community has faced many socio-economic changes and challenges not uncommon to most northern communities.

The community of Old Crow lacks any significant industry; the main employers are the Vuntut Gwitchin and Yukon governments. There are a few private business operations, such as the local Northern Store, two bed and breakfasts, firewood sales and delivery, and the occasional tourist opportunity.

A list of community-owned business enterprises and/or business ventures follows:

- *Porcupine Enterprises Ltd.* is a joint venture between the Vuntut Development Corporation and a respected Whitehorse-based construction firm. This company provides local employment—building winter roads and assisting with quarry development and other construction projects.
- The Vuntut Development Corporation holds a minority share (49 per cent) in *Air North Ltd.* This airline company offers regular flights to Vancouver, Calgary and Edmonton, as well as between smaller northern communities. With 130 employees, it has provided local job opportunities within the community, such as check-in, and fuel and freight handling. Air North Ltd. contributes over \$1 million annually to the local Yukon economy.
- The Vuntut Development Corporation holds a 25 per cent share in this venture, which presently owns two office buildings and a parking lot in Whitehorse. The Vuntut Development Corporation has a 35 per cent share in *Ice Wireless Yukon Inc.*, a new provider of GSM cellular and radio service.

- The Vuntut Development Corporation manages the Northern Store property and lease, as well as the Black Street buildings in Whitehorse. The corporation's property management division offers services for other clients in the Whitehorse area.

THE LAC LA RONGE INDIAN BAND, SASKATCHEWAN

The Lac La Ronge Indian Band is located in the boreal forest 235 kilometres north of the city of Prince Albert, Saskatchewan. The band's current land base includes 18 reserves totalling 43,250 hectares. At present the Lac La Ronge Indian Band is pursuing a specific claim for more land, and the Supreme Court of Canada will soon hear the case.

According to Statistics Canada, the 2003 population of the Lac La Ronge Indian Band was 7,508. Of this number, 4,492 lived on reserve in one of the band's six communities. The largest of these communities is the La Ronge reserve located on the shores of Lac La Ronge adjacent to the northern community of La Ronge. The other five communities, scattered throughout the surrounding region, are Grandmothers Bay, Hall Lake, Little Red River, Nemeiben River and Stanley Mission.

The employment and participation rates, and the income and education levels of the members of the Lac La Ronge Indian Band, fall far short of those of other Canadians. The band also reflects trends on many other measures where Aboriginal people lead Canadians—unemployment, incarceration, mortality, suicide, tuberculosis and other health problems, substandard housing, and so on. This is true now, but was even more so in the 1970s. In an attempt to improve socio-economic circumstances through economic development, the Lac La Ronge Indian Band formed Kitsaki Management Ltd. Partnerships in 1981.

For over 20 years, Kitsaki has been a huge success, and has been responsible for the business and economic development activities of the Lac La Ronge Indian Band. Kitsaki has created and managed a large number of business ventures, some of which are wholly owned while others are joint ventures and partnerships. The strategy has been to create, buy, develop, or invest in businesses that are relevant to the Lac La Ronge Indian Band and the regional resources and economies. This includes business

related to Northern Saskatchewan mining activities, hospitality and tourism, and the harvesting and sale of wild rice and mushrooms. The band is also hopeful that their meat snacks—which they smoke, process and package in a wide range of products, including both natural and ground, and formed jerky, in both individual sticks and bulk packaging—will become even more marketable once the BSE (mad cow disease) scare is dealt with. In addition, they are also looking at developing a profitable business processing and selling softwood lumber—especially if the softwood lumber dispute with the United States is resolved.

A list of band-owned business enterprises and/or business ventures follows:

- *Athabasca Catering Limited Partnership* (www.kitsaki.com/Ath.html) provides food service and janitorial work for a variety of northern mines, and in particular for Cameco Corporation and Areva.
- *Canada North Environmental Services* (www.kitsaki.com/can.html) is an environmental consulting firm specializing in training, environmental monitoring and community health issues.
- *The La Ronge Motor Hotel* (www.kitsaki.com/hot.html, www.lrhôtel.sk.ca) is the only full-service hotel in La Ronge.
- *First Nations Insurance* (www.kitsaki.com/fir.html, www.firstnationsins.com) offers group pension and benefits to First Nations, their institutions and businesses.
- *Keewatin/Procon Joint Venture* (www.kitsaki.com/kee.html) has been established to provide contract mining services for both surface and underground mine sites.
- *Kitsaki Meats Limited Partnership* produces meat snacks sold across Canada under a variety of private labels and is also a growing exporter of wild rice.
- *Northern Resource Trucking Limited Partnership* (www.kitsaki.com/nor.html) serves Saskatchewan's mining industry, hauling primarily to uranium mines owned by Cameco Corporation and Cogema Resources Inc.
- *Wapawekka Lumber* (www.kitsaki.com/wap.html) is a modern technology sawmill located north of Prince Albert.
- *Pihkan Asky/Nih Soreldhen Joint Venture* has been formed by four highly skilled partners with unique experience and perspective in environmental remediation.

- *Northern Lights Foods Limited Partnership* (www.kitsaki.com/nlf.html) is Canada's largest exporter of organic wild rice.
- *La Ronge Wild Rice Corporation* (www.kitsaki.com/ric.html) produces and markets certified wild rice.
- *Dakota Dunes Golf Course* (www.kitsaki.com/dak.html, www.dakotadunes.ca). The Dakota Dunes Golf Club is a great tourism attraction.

THE MEMBERTOU FIRST NATION, NOVA SCOTIA

The Membertou First Nation is an urban First Nation community situated in Sydney, Nova Scotia, with a population of 1,067 people. Membertou takes its name from Grand Chief Membertou and is one of 13 Mi'kmaq Nation communities (the Mi'kmaq) in the province.

Most of Membertou's business activity began in the mid-1990s, but it was several years before there were visible manifestations of the change in the community. For much of the 1990s, the picture of economic activity on the reserve was not much different from that in the early 1980s. The reserve had a small convenience store and a gas station, but not much else in terms of business development. Attempts to create a firewood business and a venture in manufacturing irrigation pipeline were not successful, and left a legacy of debt. As a result of a determined effort that began only in the mid-1990s, Membertou is in quite a different economic development position today.

A list of the band's business activities follows. In a decade, Membertou has achieved the following:

- Established the *Membertou Corporate Division* in Halifax to develop partnerships with businesses at the local, national and international levels.
- Developed joint venture and similar arrangements with major corporations such as Lockheed Martin Canada, Sodexo Canada, Grant Thornton LLP and SNC-Lavalin.
- Established a business relationship with Clearwater Fine Foods, which provides Clearwater with access to a portion of Membertou's quota for fish and seafood.
- Created the *Membertou Gaming Commission* on reserve, which now provides employment for 45 persons.
- Built the *Membertou Market* on reserve, a facility that provides groceries, takeout restaurant food and petrol products. Another 30 full-time and part-time jobs were created with this initiative.
- Established new consulting divisions such as *Membertou Geomatics*, *Membertou Advanced Solutions*, and *Quality Management Services*.
- Built a 45,000 square foot trade and convention centre that includes a restaurant and is designed to serve the broader Cape Breton community.
- Increased the number of small businesses on the reserve significantly.
- Undertook significant initiatives in education, housing, public works and health.

Overall, the community began with a situation in the mid-1990s where it was obtaining \$4.5 million from the federal government for its programs and little else from other sources; it was also close to \$1 million in debt. The Mi'kmaq Membertou First Nation is now working with a budget of \$55.1 million, of which only 11 per cent is government money. The community has set its budget for 2005–06 at \$65.5 million. It is clear from visiting the community how new investments in public services, buildings and commerce have improved the life of the community.

Community economic development at Membertou does not, at first glance, appear especially Mi'kmaq or Aboriginal when one looks at the buildings and their surroundings. Rather, the commitment to Mi'kmaq traditions and values is more substantial. It is reflected in an orientation to economic development that maintains or re-establishes the tradition of sharing within the community. The community's leadership is not content simply to put in place a framework within which the private sector can flourish. Instead it fosters community economic development through which business is geared to maximizing community welfare, by balancing economic, social and environmental considerations. This orientation is also reflected in the processes of collective decision-making and accountability, which go well beyond the normal electoral process typical of other governments. In addition, steps are being taken to re-establish use of the Mi'kmaq language, to repatriate cultural artifacts from the Nova Scotia Museum, to build a heritage public garden, and to include the work of Mi'kmaq artists in community structures.

In its emphasis on band-owned businesses and its commitment to sharing the proceeds from economic development with the community, there are clear signals about the collective mentality of the Membertou leadership. In fact, this commitment is underpinned by the values and preferences of community members, who make their views known about what forms of economic development are acceptable and what forms are not. This was recently exemplified in the debate concerning the establishment of gaming facilities on reserve. Initially rejected in a community referendum, gaming was subsequently approved by the community only on the condition that revenues would go into the fund for dividends for community members, and into other forms of social investment.

MISSISSAUGAS OF THE NEW CREDIT FIRST NATION, ONTARIO

The Mississaugas of the New Credit First Nation live on approximately 6,060 acres of land near the town of Hagerville in southwestern Ontario. The term “New Credit” is in recognition of the fact that the Mississaugas traded goods along the shore of the Credit River prior to moving to their present location in 1847. The membership of the Mississaugas of the New Credit First Nation as of November 2004 numbered 1,616, with approximately one-third living on reserve and two-thirds living off reserve.

The band’s business activities have been very successful, providing numerous jobs for community members. Unemployment has dropped from 25 per cent to 10 per cent in just three years. There have also been significant improvements in health care and social services, both in terms of infrastructure and in terms of the availability of qualified personnel. A revival of culture, language and traditional ceremonies has contributed to enhanced community pride.

A list of band-owned business enterprises and/or business ventures follows:

- The band owns and manages the 60-acre *New Credit Industrial Park*, which leases out industrial and commercial space. This site offers prime location to companies seeking easy access to both the Canadian and American markets. The industrial park includes a 20,000 square foot commercial plaza that contains a variety of retail outlets, offices, a banking centre and classroom facilities. The industrial park has attracted Mohawk Rock, a manufacturer of veneer products.
- The band-owned *Royal Flush Gaming Ltd.* supplies gaming items to casinos. It employs band members and generated \$8 million in profits in 2004.

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