

Experiences and Thoughts on Indigenous Business & Economic Development

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1 Introduction

This paper was prepared as a background to a presentation on Indigenous economic development and indigenous business partnerships for an Indigenous economic development seminar in Ecuador. The primary focus of the paper is to provide case studies and examples of Indigenous businesses and to suggest some possible strategies and tactics that could be helpful as Indigenous Peoples in Ecuador work to become more productively involved in their local, national and regional economies. The paper is intended to stimulate discussion only, it is not designed to be an in depth analysis of the subject.

For Millennia Indigenous Peoples were in total control of the entire economy of the Western Hemisphere. Their business and trade activities encompassed the entire hemisphere, manufacturing and trading goods and services and supporting healthy cultures and communities. However, with the introduction of Europeans, the advent of the industrial age, and numerous discriminatory and destructionist policies, Indigenous Peoples of the Americas found themselves severely marginalized economically, politically and socially and no longer in control of their own economy.

Over the past twenty years there has been a resurgence in Indigenous business. Led by countries like Canada, where the government has provided direct financial support and where the regulatory regime often provides indigenous peoples with an advantage in supplying goods and services to resource extraction projects, Indigenous peoples are starting to develop and operate many businesses.

2 Indigenous Business in Canada:

2.1 Current Status

Today indigenous businesses are active in every sector of the Canadian economy. However, that certainly wasn't always the case, nor is it the case in all regions of Canada. It is only in the last 15 years that Indigenous business has started to thrive in Canada. And, in many regions it is still in its incipient stages, struggling to find and develop opportunities.

Over the period from 1985 to 2000 there was over \$2 billion¹ invested in Aboriginal businesses in Canada, creating the largest growth in aboriginal business ever achieved anywhere in the world. A number of factors combined to create this boom. Some of the more significant were:

- Indigenous leadership recognized the need to become productive participants in the economy
- Canadian government provided financial and technical support to Indigenous businesses and indigenous business development
- Regulatory requirements mandated indigenous involvement and participation (this ranged from requirements to 'consult' with Indigenous Peoples through to regimes like the Bayda report which allowed Uranium development in northern Saskatchewan, but required a minimum level of Indigenous involvement and provided a business preference for Indigenous owned businesses.
- Early success models such as Kitsaki Development Corporation's approach to joint ventures (profiled later in this

¹ Note, all figures in this report are in Canadian dollars. The USD\$ value is approximately 2/3 e.g. CAD\$1.00 = USD\$.66

report), demonstrated the potential of indigenous business development

- Success stories such as Chief Harry Cook and the Kitsaki Development Corporation made themselves available to share their experiences with other indigenous organizations.
- Non-indigenous businesses recognized the value that could be created by partnering with indigenous peoples
- Canada enacted an Aboriginal Procurement Policy to encourage Federal government departments to purchase goods and services from Indigenous owned businesses.
- Major resource companies recognized the corporate reputation issues that could result from negative relationships with local indigenous peoples.
- Canadian courts ruled in favour of Indigenous resource rights in a number of key cases.

2.2 Indigenous/Non-Indigenous Joint Ventures

Many of the Canadian indigenous business successes have used a joint venture approach to enable them to bridge financial and managerial capacity gaps and take advantage of significant business opportunities.

What is it?

Indigenous/non-Indigenous business collaboration is often referred to generically as 'joint ventures'. For this discussion we will work from a definition that covers all forms of indigenous/non-indigenous business and economic collaboration including:

- Partnerships
- Joint Ventures
- Corporations
- Sub-contracting
- Procurement
- Employment
- Etc.

In Canada each of the above forms have their own legal issues and structures. Which form is used will be dependent upon many factors and considerations that are beyond the scope of this discussion. The commonality between all of them is they allow Indigenous and non-Indigenous partners to work together in mutually beneficial ways.

Why do it?

Why share the opportunity? Why would either party (Indigenous or non-Indigenous) want to share the opportunity and the rewards? Why not do it alone and keep all the profits and other benefits? The reality is that it often takes more than one party to bring all the pieces together to make a deal happen and the synergy achieved through economic collaboration can create a much bigger pie.

Many business and economic opportunities require a range of ingredients to succeed. Some of these include, capital, management expertise, access to labour, financial expertise, access to land and resources, permitability² and regulatory compliance, local knowledge, local relationships, etc. Often it is not possible for one partner to have all of these ingredients. Each party has some of what is required and together they have the pieces that can be put together to form a profitable venture so they come together to take advantage of opportunities that would be challenging for either of them working alone.

This is true for many businesses, not just indigenous owned and those working with indigenous people. Mining, oil and gas, transportation (airline networks), health care, information technology, services, manufacturing, etc., virtually all businesses and industries are looking at the synergy and value that can be created through collaboration and strategic alliances. Take a look at a business paper almost any day

² The ability to acquire the necessary permits and regulatory approval.

and you see announcements of mergers, acquisitions and joint ventures, or read articles about virtual organizations in today's networked world. All of these are about economic collaboration. The situation with indigenous/non-indigenous collaboration is nothing unique.

Another reason that some indigenous organizations prefer the collaborative or joint venture route to business development is that it allows them to take advantage of more opportunities than they could if they worked alone. This is because they have access to more opportunities than they have the capacity to manage and develop on their own. If they were to work on everything by themselves they would quickly have all of their management capacity deployed and be unable to evaluate and take advantage of new opportunities that come along. By working with partners they are able to leverage the managerial and operating experience of partners and take advantage of more opportunities.

In addition to the above reasons, in Canada there are often tax advantages that can create additional value for indigenous / non-indigenous collaboration. Indigenous Peoples and institutions, by nature of their unique tax status, may be able to create incremental value through passing on tax savings to the joint venture.

Necessary conditions

Experience throughout Canada on indigenous/non-indigenous economic collaboration has shown that long-term success is much more likely if several conditions are met.

- ✓ It is a viable business opportunity
- ✓ It can create meaningful value for each party to the deal
- ✓ It can create unique value in the marketplace

- ✓ Collectively the partners have, or can acquire the necessary pieces to make the deal happen
- ✓ The partners have a genuine willingness to develop win-win solutions to determining issues of project inputs, operational control, management, project benefits, etc.

Joint ventures have enabled many indigenous businesses to secure the financial and managerial capacity needed to acquire lucrative new opportunities and generate profitable business operations.

2.3 Inter-Indigenous Partnerships

In addition to cultural and lifestyle similarities, Indigenous Peoples throughout the Americas have shared many comparable experiences during the five hundred years since Columbus first landed. Loss of traditional lands and livelihoods, colonialization, economic and social marginalization, and attempts at cultural extinction are some of the common elements of the history of Indigenous Peoples throughout the hemisphere. Despite these experiences, indigenous culture and identity remains strong and Indigenous Peoples are beginning to share new, more positive experiences; assisting each other to achieve development objectives.

Many of Canada's Indigenous Peoples have begun to focus on business and economic development, seeking to become more productive participants in the Canadian economy and to gain increased control over their own destinies. Over the past twenty years this has produced a virtual explosion in indigenous business development with thousands of businesses, operating successfully in every sector of the Canadian economy. At the same time indigenous peoples have been developing the political and institutional capacity to assume

increasing control of the institutions and agencies that are daily parts of their lives.

Canadian Indigenous peoples lead the world in Indigenous business development and have developed expertise in developing business in ways that are supportive of cultures and communities. Latin American Indigenous peoples often have access to business opportunities, but lack the financial and technical capacity to take full advantage of them. Indigenous peoples in Latin America have strong families and communities and are not besieged by many of the social issues that are plaguing many North American Indigenous Peoples. Facilitating the development of partnerships and linkages between Indigenous Peoples throughout the Americas can help to address many of the pressing social and economic issues they are facing.

The experiences of Canada's Indigenous Peoples provide a huge pool of development expertise that can collaborate with other Indigenous Peoples who have not yet had the same development experiences.

Inter-Indigenous Partnerships in which Indigenous peoples in Canada and their counterparts in other areas of the world share experience, capacity and learning are a promising development strategy. These partnerships offer a number of specific advantages for all concerned (Canadian Indigenous Peoples, Indigenous Peoples from Latin America and elsewhere in the world, Development agencies and institutions, private sector firms operating in the vicinity or Indigenous peoples, Nation States, etc.). The partnerships can facilitate sharing of relevant experiences, help to bridge capacity gaps, support institutional development and promote meaningful indigenous participation in resource development and other business projects.

The natural resource sector (Mining, Oil & Gas, and related activities such as pipeline construction) is a fertile sector for the development of inter-indigenous

partnerships between Canada and Peru. Indigenous businesses in Canada have a plethora of experience in providing goods and services to the resource industry. Indigenous peoples in Ecuador live on lands where companies from Canada and around the world are exploring for and developing resources. Resource companies are often searching for new and constructive ways of involving Indigenous peoples in resource development projects. However, many Indigenous organizations lack the technical and financial capacity to assist their people to capitalize on these opportunities. Linking resource based Canadian Indigenous businesses together with Indigenous peoples from the Ecuador will result in the development of inter-Indigenous partnerships that will produce meaningful and sustainable benefits for all concerned.

3 Indigenous Business Case Studies & Examples

The following case studies and examples illustrate the range and diversity of Indigenous business development in Canada. The examples are not necessarily the best, nor the only example in the various industries and sectors that they represent. They have been selected to provide an overview of the various businesses that have been developed by Indigenous Peoples in Canada.

Original sources are noted at the end of each case study.

3.1 WHITE BEAR OIL AND GAS: BRINGING FIRST NATION VALUES TO THE OIL INDUSTRY

Oil production has turned into a big business for the White Bear First Nation. Indeed, 1700 barrels of oil per day are produced on the approximately 12,000 hectare (30,000 acre) reserve located 13 kilometers north of Carlyle, Saskatchewan and they plan to drill 40 new wells within the next year. But the priorities of White Bear Oil and Gas (WBOG), the First Nation's oil company, are helping their community, protecting the environment and respecting Aboriginal traditions.

WBOG's success in the oil industry is largely due to a unique agreement they signed in December 1993 with Tri Link Resources Ltd., a Calgary based oil company. The agreement allows Tri Link to drill for oil on the reserve and enables WBOG to take part in the oil production by sharing in the costs and profits and benefiting from the employment opportunities and economic spin offs.

The agreement provides WBOG with a base royalty as well as options to participate in the oil production. By taking advantage of these options to participate WBOG has more than tripled their revenue. This revenue is either put back into oil production or used to help the community by, for example, assisting youth groups and elders. WBOG also wanted to give something back to past generations that will never benefit from the oil that was a part of their land, so the company decided to put up headstone markers for those who have passed away.

"We want to put markers on these graves so that the people who are gone will never be forgotten, so that our history will never be lost," says Terry Littlechief, President of WBOG.

Chief Brian Standingready believes it is important that the First Nation focuses on helping their people, rather than making profits. "The oil won't be here forever, our people are our priority," says Chief Standingready. "We have to respect the land, our heritage sites, the environment. We always consider the future generations and ask what this is doing for them."

Mr. Littlechief agrees, "We believe that each action taken has many effects. What we do today will effect future generations. Following strict environmental guidelines and spending the revenue properly is very important to us, so that 20 years, 50 years, 100 years down the road our grandchildren won't question the decisions we made."

WBOG has managed to merge the oil business with their cultural beliefs. For many members of the First Nation, their land, and nature in general, is something sacred. For this reason, before any activity takes place on a future well site, an elder goes to the area and prays to ask the land for forgiveness and to thank the land for its bounty. As well, sacred heritage sites are declared no-drill zones. Because preserving the natural beauty of White Bear Lake and the surrounding country is important to the First Nation on spiritual, environmental and economic levels, WBOG asks that abandoned well sites be restored to an environmental standard higher than oil industry standards.

Tri Link is sensitive toward White Bear's environmental and cultural concerns. Mr. Littlechief says that Tri Link has worked in partnership with White Bear to address these concerns and form a relationship built on trust.

In a letter to the White Bear First Nation Gary Burns, President and CEO of Tri Link, describes their relationship, "There are many aspects to the agreement, however, the foundation was one of trust - trust between an oil company and a First

Nations people...the White Bear Project is similar to a foreign operation...we try to honour the traditional laws and cultural heritage as guests in another land."

Through continual communication and respect, Tri Link and White Bear have come to understand each other's aims. One of White Bear's goals in allowing the development of its oil and gas reserves is to create employment and training opportunities for First Nation members.

In his letter, Mr. Burns points to this goal, "Part of this agreement between Tri Link and the White Bear people outlines a moral commitment by Tri Link to help create longer term employment, to encourage education and to be proactive on certain social issues."

Since White Bear began working with Tri Link, a number of First Nation members have been trained and employed in the oil industry. Tri Link hired two university graduates from White Bear to work in their Calgary office as a petroleum land administration assistant and a geological technical assistant. A summer student was hired to work out of their Kipling office to gain environmental and production experience.

Two White Bear members work out of WBOG's office and two members work as Petroleum Land Administrators with the White Bear Pilot Project. These individuals all attended the Southern Alberta Institute of Technology for training sponsored by the White Bear First Nation and received certificates as Petroleum Land Administrators.

Many White Bear First Nation members have gained training and work experience in the oil industry thanks to WBOG. So far approximately 38 members have been trained and employed by drilling rigs that are working for Tri Link and four have been trained and are working as contract battery operators. Recently four White Bear

members were trained and certified as heavy equipment operators in a program jointly sponsored between Tri Link and the First Nation-run Kakakaway Learning Centre. In the past, the Kakakaway Learning Centre and Tri Link have teamed up to offer training to 30 individuals in the areas of chainsaw certification, chainsaw instructors certification and entry level training such as first aid, CPR and H2S Alive.

As well, the agreement provides White Bear companies and private contractors with the opportunity to bid for services required by Tri Link such as surface lease construction, pipeline construction, seismic line clearing, well site reclamation, trucking, well site maintenance and drilling and service contracting. As a result, seven new businesses have developed on the White Bear First Nation creating new employment opportunities and on-the-job work experience for many First Nation members. These activities have provided over 90 First Nation people with short or long-term employment.

White Bear Oil and Gas is very pleased with the economic development that has resulted and hopes that this is only the beginning. Mr. Littlechief envisions a bright future for WBOG, a future that includes investing in the oil industry off reserve. But, he says that as WBOG grows, it will continue to base its business on the First Nation's values.

Indeed, WBOG's mission statement states that the company's goal is "to contribute to the present and future prosperity of White Bear First Nation by ensuring the quality of life for the people, environment and future generations through the guardianship and administration of our oil and gas resources, revenues and future developments."

"There are benefits to having oil revenue, but there is also a down side," says Mr. Littlechief. "We deal with weighing this balance everyday; whether the damage

done to our land will be worth it in the end. For this reason we feel very strongly that the revenue has to be spent properly so that it can benefit us and our grandchildren down the road."

Source: Indian and Northern Affairs Canada

3.2 VANCOUVER ISLAND NATURAL GAS PIPELINE

INTRODUCTION

Vancouver Island (The Island) is on the very west coast of Canada. It has a population of 700,000, is 70 miles wide and 300 miles long – (all numbers are estimates) The majority of the development and population of the island are located in the rain shadow on the eastern side of the island.

Until 1991, the island was dependent on electrical power for the majority of its heat & energy needs. This power was generated on the mainland and brought to the island by undersea cable across the Georgia Strait.

To position the island to attract increasing amounts of industry while at the same time reducing its dependence on electrical power the decision was made in the late 1980's to bring natural gas to the island. A new division of Westcoast Energy, a Canadian natural gas company, was established to facilitate and deliver this service to the customers of the island. This entity, Centra Gas, mobilized the necessary resources to bring the gas across Georgia strait by underwater pipeline. They also were positioned to start laying the mainline from landfall at Nanaimo south to Victoria and North to Campbell River.

Like many Government and private agencies of the time, the need to consult effectively with Aboriginal people either did not occur to them or it was subordinated to project deadline demands. In any event no consultations took place in spite of the

fact that the new mainline would have to cross several Indigenous Reserves.

CHIEF DENNIS ALPHONSE OF THE COWICHAN TRIBES INTERCEDED.

The Cowichan Tribes, with a population of 3,000 is British Columbia's largest First Nation. Historically they dominated the landscape of the island and had a reputation for not standing idly by when strangers entered their territory.

Cowichan is located approximately half way between Victoria (35 miles) at the south end of the island and Nanaimo (35 miles) to the north. The pipeline was proposed to cross their reserve lands; in fact not to do so would have meant re-routing and adding significant cost.

When Chief Dennis Alphonse became aware of both the breach of protocol – no one consulted with or asked permission to cross their land – and the Economic Development potential of the project for his membership he paid a visit to the head office of Centra Gas in Victoria.

His presentation was straightforward. ***Come up with a plan for meaningful involvement of the Cowichan people in this project or the pipeline would not cross their land.*** It is reported from Centra Gas officials that the meeting and request caught them by surprise. They had simply not thought of the First Nations or the implications of not following protocol or involving them.

THE OUTCOME

Neither the Cowichan Tribes nor Centra Gas had any pre-conceived plan on how to proceed. Cowichan had neither the capital, nor the relevant business experience to undertake a large service installation contract to bring natural gas to individual users. It is reported that a search of suitable candidates was undertaken and, for reasons known only to those involved, a company

from Arizona was chosen as a Joint Venture partner for Cowichan. This company had significant industry experience but little Aboriginal experience. The subsequent Joint Venture Agreement that was negotiated was flawed in favour of the Arizona Company. No clear-cut plans were in place for involving Cowichans at all levels of the new company.

During the course of the 5-year agreement however, up to 65 Cowichan people were employed at any one time with work lasting up to 10 months per year. There was a lot of complaining from both parties. The Cowichan people complained of two sets of rules on the job, one for the non-natives and one for them. They complained about the way they were treated by their non-native superiors. The JV partner on the other hand complained about a lack of productivity, reliability and general cooperation of the Cowichan. They said that they had surpassed their commitment to employ at least 50% Cowichans (they averaged 80%).

When the 5-year agreement ended in 1996, Cowichan formed their own company and operated the business on their own. By this time they had accumulated a sizeable labour force of experienced personnel, some capital and an experienced General Manager. The project and new company, which are both still operating, has created a lot of meaningful employment and wealth for the Cowichan Community both by way of wages and net income earned by the Company. Total profits are well over \$1 million and The Company, Khowutzun Mustimuhw Contractors has become a success story and model that Westcoast Energy and Centra Gas have tried to replicate in other areas.

LESSONS LEARNED:

1. **Select Your Joint Venture Partners Carefully and/Or Ensure That They**

Are Sensitized To Aboriginal Issues Before You Start. It opens the way to poor communication when the two partners really don't understand what makes the other tick. In the early stages of negotiations each partner's goals, objectives and 'hot buttons' must be identified and discussed. This forms the basis for negotiating the agreement.

2. **Make Sure You Involve Experts In Assisting With Preparing The Joint Venture Agreement.** The joint venture should be structured by professionals with roles and responsibilities clearly spelled out and committed to in appropriate agreements.
3. **Provide cross-cultural training and support.** All employees should take at least a two-day course so that each understands how to work effectively with the other. Regular in-service seminars should also be conducted to re-enforce important concepts, update the group on issues and to discuss any areas of contention.
4. **Establish A Clear Cut Succession Or Exit Strategy.** Most Aboriginal people aspire to have full control over their own destiny and eventually own 100% of the business. Aspirations must be tempered with the reality that operating a complex business requires building capacity. This should be specifically addressed and plans prepared for that both from a Human Resource and financial capital perspective.

Source: RJ Isbister & Associates

3.3 GREEN SPIRIT ENVIRONMENT: MAKING A CLEAN SWEEP OF SUCCESS

Dean and Peter Manywounds are cleaning up - in more ways than one.

They co-own and operate an environmental company called Green Spirit Environment Inc., which has an office on the Tsuu T'ina Nation near Calgary. Their company provides services including waste management, environmental assessments, environmental management, mediation and consultation.

Green Spirit's main goal is to better the earth's environment, without becoming political, says Dean Manywounds.

"Green Spirit is not a hired gun for First Nations, or for energy companies, or for any other organization," says Mr. Manywounds. "Green Spirit is a hired gun for Mother Earth. We are trying to ensure her protection for years to come."

The brothers had to look long and hard before they found a partner who shared their vision. After a two-year search, they entered into a joint-venture in 1995 with Northern Enviro Search, a wholly owned subsidiary of the Calgary-based company, Boyd Petro Search.

"In our search, we found that a lot of environmental companies were more interested in breaking into the Aboriginal marketplace than helping an Aboriginal become successful in the industry," says Dean Manywounds. He and his brother financed 51 percent ownership of Greenspirit entirely from their own pockets.

"Boyd Petro Search was willing to help develop an Aboriginal corporation so that Aboriginals could be more than just employees, they could be the employers."

"I didn't want to look back at my life in 20 years and wonder 'what if?' But this business isn't just important to me, it's important to other Aboriginal people too," adds Dean Manywounds, who managed the on-reserve gravel operation for eight years. "I think this industry is, inherently, in the

blood of Aboriginal people. We have, historically and culturally, been the protectors of the earth for thousands of years."

Boyd Petro Search, an oil and gas consulting company, fit the bill perfectly.

"The Aboriginal market was virtually untapped," says Bob Raina, Manager of Environmental Services for Boyd Petro Search. "Green Spirit approached us and they had the same philosophies as we did so we knew we would make an excellent team."

Mr. Raina says it was the best of both worlds for all parties involved. "Culturally, Green Spirit had a knowledge that Boyd Petro Search could never have. There is so much more cultural significance and attachment to the land in the Aboriginal marketplace," says Mr. Raina, who is one of Green Spirit's Directors. "That's why Green Spirit is so unique because they approach the Aboriginal environmental industry from an Aboriginal perspective."

In spite of Mr. Raina's praise for the company, Dean Manywounds admits he was initially apprehensive.

"We sank all our money into the business and that was a big gamble," says Dean Manywounds. "But six months after opening, we were operating self-sufficiently, we were right on target. We were paying our employees and updating our equipment all through our profits."

Dean Manywounds is also trying to focus his energy on educating young people about the expanding environmental industry. Mr. Manywounds is planning a road trip across the prairies to talk to young people about how to get involved in the environmental field.

"I want young Aboriginal people to know that there is a corporation that is more than willing to help them out if they're interested," says Mr. Manywounds.

Source: Indian and Northern Affairs Canada

3.4 PRINCE ALBERT DEVELOPMENT CORPORATION: FIRST NATIONS WORKING TOGETHER TOWARD ECONOMIC DEVELOPMENT

Eleven years ago the Prince Albert Grand Council (PAGC) was sitting on the sidelines when it came to economic development. First Nation members were pouring money into Prince Albert's economy, but the PAGC had no venues through which it could participate in the city's economic development. Today the PAGC is playing an active role in Prince Albert's economy through the Prince Albert Development Corporation (PADC).

The PADC, with its head office located 10 kilometers north of Prince Albert on the Wahpeton First Nation, was established in 1985 and is equally owned by the 12 First Nations that comprise the PAGC. Since its establishment, the PADC has ventured into real estate, security and janitorial services, the hotel and service industries, construction and employment referral services.

Wesley Daniels sat on PADC's board of directors as Chief of Sturgeon Lake First Nation, was general manager for over a year and now sits on the management board which deals with the day-to-day business operations. Mr. Daniels believes PADC has grown as a result of a good business philosophy.

Strength in unity is the philosophy of PADC. In striving for economic self-sufficiency, PADC gives priority to First Nations people, but the corporation combines this with good business sense and always attempts to secure the best-qualified people. Mr. Daniels believes PADC has

helped to change the way people think about First Nations in the business sector.

"We've shown that First Nations have management capabilities when it comes to business. It used to be that every time a First Nation business went under it was big news. We've been holding our own and doing it nicely and proving some myths wrong."

PADC's first business venture was in the area of real estate. During the 1980s, the PAGC took over the administration of many programs and services formerly administered by Indian and Northern Affairs Canada (INAC). As a result, the Grand Council was hiring new staff while INAC was reducing staffing requirements. The First Nations saw an opportunity in developing a new office complex to house its own staff, as well as those of INAC and Medical Services Branch (MSB) of Health Canada. The First Nations pooled their economic resources in order to provide the equity the newly formed Development Corporation needed to finance construction of the John E. Mac Donald building. The PADC also signed long-term leases with the Grand Council, INAC and MSB. Since constructing this first office building in 1986, PADC has purchased one more office complex in the city of Prince Albert and two properties in the surrounding area.

PADC also started a security and janitorial services company in 1986. Over the past 10 years, this company has continued to grow. Today they have contracts with Cogema Resources Inc., Cameco Corporation and Millar Western Pulp to provide security and janitorial services to mine sites, pulp mills and office buildings.

In 1993, PADC saw that there was a great deal of potential for the corporation in Prince Albert's hotel and service industry. First Nations organizations often met in Prince Albert and required hotel and meeting accommodations. Rather than letting someone else gain the economic and

employment benefits of First Nation business, PADC decided to purchase the Prince Albert Inn. The PADC has upgraded the inn by adding over \$750,000 worth of improvements. The inn includes 108 rooms, a pool, conference and banquet facilities, nightclub, lounge, cold beer and wine store and restaurant.

In its first year of operation under PADC ownership, the inn's total sales increased by 14 percent. Trevor Ives, the General Manager and Director of Finance of PADC, says that First Nation ownership has a great deal to do with the hotel's success.

"As a general rule the owners of a business will support that business. Having a base of approximately 23,000 owners helps in developing a large market," says Mr. Ives. "This market, combined with sound management, committed staff and the support of a strong Board of Directors has been key to our accomplishments in business."

Recently PADC has used its service industry experience gained at the Prince Albert Inn to operate the Northstar restaurant and lounge at the Northern Lights Casino and its real estate knowledge to act as the developer for the casino building.

In 1994, PADC entered into a joint venture agreement with PCL Construction Management Inc. to bid on up-coming construction projects. In 1995, PADC/PCL-Maxam, A Joint Venture, successfully bid on the construction of the new multi-million dollar uranium mill near McClean Lake, 45 kilometers west of the community of Wollaston Lake.

Mr. Ives says that joint ventures between Aboriginal and non-Aboriginal groups have many advantages. While PADC benefits from PCL's expertise and size, PCL benefits from PADC's influence in the market as an Aboriginally owned

corporation as well as PADC's access to the northern labour market.

PADC has capitalized further on the McClean Lake mine construction by signing a two-year contract with Cogema to provide an employment referral service for construction through a PADC agency known as Northern Employment Services (NES). This agency has compiled an up-to-date database of over 400 northerners available to work on the project. Instead of having to bring in workers from other parts of Saskatchewan or other provinces or having to search the north for a qualified workforce, the contractor is supplied with a list of available workers by NES. PADC will be paid a fee based on the number of hours worked by employees hired through NES. In the space of one year over 160 employees have been hired through NES generating in excess of 170,000 man-hours of work for residents of Northern Saskatchewan.

Mr. Daniels says that creating job opportunities for Aboriginal people is one of the corporation's goals. For him creating employment goes hand in hand with business success.

"Success is going into a business and making it pay, you make it pay and you create employment and you make it pay more and you create more employment," says Mr. Daniels. "The Prince Albert Inn is a good example. We increased occupancy and by doing so increased employment. As you get bigger you create more jobs."

With a sales estimate in excess of \$10 million per year and over 200 employees, the majority of whom are Aboriginal, it would seem that PADC has reached success.

But, Mr. Daniels says, "PADC hasn't reached success. I don't think anyone ever reaches success. If you say you've reached success you start to coast. Success is an ongoing venture."

If PADC hasn't achieved success, they've certainly made a great deal of progress. Prince Albert's business community has recognized this and made PADC a finalist in the city's Samuel McLeod Business Awards in four categories including business of the year, job creation, new business and investment. Not bad for a corporation that only 11 years ago was watching Prince Albert's economic development from the sidelines.

Source: Indian and Northern Affairs Canada

3.5 Northern Resource Trucking/Kitsaki Development Corporation

Founding Partners Lac La Ronge First Nation/Kitsaki Development Corporation Trimac Transportation/Northern Resource Trucking

Industry Transportation – Trucking

Location Head office is based in Saskatoon, Saskatchewan Canada. They provide trucking services to the mining industry throughout northern Sk.

Background The initial partnership was developed in 1986 to bid on a transportation contract to the Key Lake minesite in Northern Saskatchewan. The mine license provided a preference for northern and aboriginal suppliers. Kitsaki realized that this provided them with an advantage, but that they would need a partner who would had the ability to

execute the contract. They researched several prospective partners and approached Trimac Transportation, one of the largest trucking firms in North America. They offered to joint venture with in the establishment of a trucking service to supply northern Sk. Initially Trimac balked at Kitsaki's insistence that Trimac commit to a non-compete agreement which would prohibit them from doing any business in northern Sask. unless it was done through the joint venture. After Kitsaki outlined the specific advantages the joint venture provided on all northern Sask. business Trimac agreed to do the deal.

Current Status

Currently NRT has annual revenues of \$23 million. It was recently restructured to broaden the northern Saskatchewan indigenous ownership, bringing total northern indigenous ownership to 79%

Northern ownership is structured as follows:

- **30% Kitsaki Development Corporation,** now called Kitsaki Management Limited Partnership.
- **20% Denesuline Development Corporation** owned by the First Nations of Hatchet Lake, Black Lake and Fond Du Lac
- **3% Buffalo Narrows**

**Economic
Development**

Corporation – owned by the northern Village of Buffalo Narrows.

- **3% Clearwater River Development**

Corporation – owned by the Clearwater Dene Nation.

- **3% Cumberland House Development**

Corporation – owned by the Cumberland House First Nation and the Northern Village of Cumberland House.

- **3% Des Nedhe Development**

Corporation – owned by the English River First Nation.

- **3% Montreal Lake Development**

Corporation – owned by the Montreal Lake First Nation.

- **3% Nikowtawsik Development**

Corporation – owned by the Peter Ballantyne Cree Nation.

- **3% Sakitawak Development**

Corporation - owned by the Northern Village of Ile al la Crosse.

Currently, about 50% of NRT owner operators are residents of Saskatchewan's north. They have about 40 owner operators and 10 company power units. The overall operation employs about 120 people and about 50% are residents of Saskatchewan's North. In fiscal 1998 owner operators got about \$10,000,000 in fiscal 1998 and about 50%

of that went to northern operators.

NRT is the dominant surface transportation company in northern Saskatchewan and expects to continue growing with the economy of the region.

Source: Wayne Dunn & Associates Ltd.

3.6 NOOTKA MERCHANDISING: MAKING WOOD GO FARTHER

If you haven't been to Tahsis lately, you might not recognize it. A new shake mill, Nootka Merchandising, which produces top-quality wood products out of waste wood, is now gracing the handsome harbour of this small town on northern Vancouver Island. In June of this year, Nootka Merchandising opened shop, complete with a champagne christening of the mill buildings, and mill tours for the public.

The company is owned equally by all seven Mowachaht/Muchalaht First Nation chiefs and councilors. Right now, the quarterly revenue for the company is \$12,000. In the future it will receive 10 percent of the market value of the finished product. By the time the mill is running at full capacity, the owners expect to earn nearly \$80,000 annually for assisting administration and securing fibre contracts, says Larry Andrews, board director and hereditary chief of the Mowachaht/Muchalaht First Nation.

The company has just added two new saws to the plant, and is expanding to include 'sawing lumbers' to its list of duties. Nootka Merchandising also makes shake or shingle blocks and paneling. The latter are 4'x8' sheets of plywood covered with a layer of clear wood. The finished product, which is used for siding and wall finishing, is worth

a lot more money than the original scrap wood it's built from.

The company now has a contract to receive 40,000 cubic metres of low-grade cedar, which it will transform into various products. That much wood is enough to keep the plant going for about seven-and-a-half months. The company is looking for contracts for an additional 10-15,000 cubic metres of wood, which would enable the plant to stay open for a season of at least ten months.

Nootka Merchandising has a few people to thank for its success. Andrew Petter, then-Deputy Minister of Forests, made the rounds of reserves in B.C., announcing the provincial government's desire to see diversification in forestry, and suggesting working with low grades as an alternative.

Almost three years ago the Clarke Group installed the infrastructure for the mill, to the tune of nearly a half-million dollars, after being wooed by the promise of a 20,000-cubic-metre contract for timber. The Band members, in return, invested their knowledge of the industry, found the location for the mill and secured the fibre contracts.

"The idea was to get Native employees," says Larry Andrews. Although Mowachaht/Muchalaht people have first right-of-refusal for jobs at the shake mill, the staff is mostly non-Native. The new Mowachaht/Muchalaht reserve community, Tsaxana, near Gold River, is so comfortable no one wants to move to Tahsis. This problem is being broached by a new added-value mill in Gold River, to start construction as early as this fall; equipment has already been ordered for the operation. Once completed, the mill will consist of a chop line, kiln dryer, ripping saw and molder. Knots will be chopped out of low-grade wood and the remaining wood finger-jointed back together to yield a 'clean', usable quality product.

A&A Trading, Ltd., of Vancouver has invested the capital cost into this project. A joint venture has been established with Nootka Forestry under the name of Ahaminaquus Reman, Ltd., which will employ young First Nations people trained for the job. A contract has been signed between A&A Trading and the Mowachaht/Muchalaht First Nation to make its 20,000 cubic metres of timber quota available for trade to supply the raw material required for this operation.

John Mohammed of A&A says the finished product will be sold in established markets in China, Korea and Japan. He says the Japanese are especially fond of the wood paneling for the interior of their traditional Japanese homes. Standard-quality lumber produced by this operation will be laminated back into durable solid posts and used for dimensional purposes in homes. When a home uses these 'engineered-wood products' its value increases, since it will undoubtedly be standing longer than one built of ordinary solid posts, which tend to twist and bow.

Source: Indian and Northern Affairs Canada

3.7 DEH CHO AIR, FORT LIARD, NWT

Whether its transporting equipment for oil and gas exploration or flying in canoeists to Virginia Falls, Deh Cho Air is one busy company. And that's good news for the community of Fort Liard, Northwest Territories (NWT).

Deh Cho Air, Fort Liard's air charter company, has come a long way since it got off the ground in 1985. At that time, its fleet consisted of one three-seater aircraft. It now boasts a fleet of five aircraft, five employees and a reputation for aviation excellence.

"Our business has expanded way beyond our backyard," says Rob Borelli, Deh Cho Air's manager. The company's fleet, which includes single and multi-engine skis, floats and wheeled aircraft, provides a wide range of air charter services to the southwestern NWT.

Deh Cho Air has expanded to meet a growing demand for air charter flights. Much of this demand has come from a surge in oil and gas activity. In 1994, six companies -- Ranger Oil Ltd., Amoco Canada Petroleum Company Ltd., Chevron Canada Resources Ltd, Ocelot Energy Inc., Shell Canada Ltd., and Paramount Resources Ltd. -- committed \$22.7 million for exploration rights in the Fort Liard area.

The Fort Liard Valley band, owner of Deh Cho Air, is poised to capture a significant portion of the companies' expenditures over the next four to five years. Many of the band's businesses, which include construction companies, trucking services and a new motel, are benefiting from the exploration activity.

Aircraft have become indispensable to modern oil and gas exploration. The remoteness of the exploration sites means that personnel and equipment must be flown in, usually by helicopter. Aircraft also enable what is called "low impact seismic activity." Rather than using heavy equipment to cut seismic lines and roads over a large area, seismic crews can now fly in and cut much narrower lines by hand.

Although oil and gas activity has provided a welcome boom to the region, it's far from being the only source of business for Deh Cho Air. "We don't have all of our eggs in one basket," says Borelli. The company also provides services for construction, mining, forestry and firefighting. And it bills itself as the "Nahanni National Park Tour Specialist."

The completion of the Liard Highway in 1982 opened up the world famous Nahanni wilderness region to tourists. Deh Cho Air supplies the majority of the private air charters into Nahanni National Park, as well as offering canoe rentals, fishing packages and day trips.

"Most of the people we take on our trips are experienced travelers," says Borelli. "And many return every few years to fly with us."

With the construction of roads to the communities of Trout Lake and Nahanni Butte presently underway, Borelli is hoping even more tourists will visit the region.

Ultimately, Borelli and the Fort Liard Valley band would like to see the company run and staffed by local community members. With business thriving, Borelli and the band have a solid foundation to build on.

Source: Indian and Northern Affairs Canada

3.8 INUIT COMMUNICATIONS SYSTEMS LIMITED CONNECTING THE NORTH

Inuit Communications Systems Limited (ICSL) is a Northern company dedicated to finding Northern solutions. Since 1982 they have been adapting the latest in communication technologies to the special requirements of Northerners.

Fully Aboriginal owned, ICSL is the for-profit arm of the Inuit Broadcasting Corporation (IBC) which produces five hours of Inuit programming a week for TVNC; Television Northern Canada network which spans the entire North from Yukon to Labrador. Through the video production facility and service centre located in Iqaluit, NWT, ICSL provides technical coordination and consultation service designed to meet the communication needs of clients across the North. They also supply comprehensive

equipment sales and services on a wide range of professional broadcast and video conferencing equipment. In addition to helping clients develop communications solutions, ICSL and their marketing office in Ottawa can implement and oversee a project through any and all stages.

The expert ICSL staff in Iqaluit working in association with IBC handle video production projects ranging from providing authentic footage in a Northern setting to producing full-length documentary films. ICSL produces local and regional contracts for groups such as Arctic College, the Baffin Regional Health Board as well as numerous aboriginal organizations and government departments. The company also provides full broadcast quality production at all stages for a growing international clientele which includes Japan, Europe, and the United States. As their reputation spreads, an increasing number of international companies have been knocking on ICSL's door.

The greatest advantage of working with Inuit Communications Systems Limited is the benefit of Northern knowledge and expertise. BBC and other international broadcasters, unable to cope with the harsh Arctic conditions have discovered that it is more cost effective to use the crew supplied by ICSL. The Inuit staff possesses all the tools to film on the land for extended periods. Local know how in dealing with extreme weather has proved invaluable to getting jobs done on time. Once companies work with ICSL and see the professional quality of productions they know that nobody does it better in the North. The company goes the extra mile to build constructive working relationships with their clients. "We are always trying to align ourselves with people who have strong international contacts" says ICSL producer Patty Billings.

When pursuing co-production opportunities ICSL tries to guarantee the participation of Northerners in productions which tell

stories about the Northern people and way of life. In August, ICSL was given permission to send a team to Repulse Bay to film the first legally harvested bowhead whale hunt in over twenty years. The IBC crew captured the return of a significant traditional cultural activity through Inuit eyes. The astonishing footage will be part of a co-production with a southern Canadian company for an international market. Having a well developed broadcast production team gives the Inuit Broadcasting Corporation an important opportunity to present an authentic representation of Inuit culture and the Northern environment.

The most important area of recent expansion for Inuit Communications Systems Limited has been in developing video conferencing. It is an area of communications technology which presents an exciting frontier for meeting the communication challenges of Northerners. ICSL maintains permanent public access video conferencing centres in Ottawa, Iqaluit, and Rankin Inlet, with plans to expand to Cambridge Bay by the end of the year. The service which is currently utilized mainly by government and business, represents a new way of doing business in the sparsely populated North.

The video conferencing technology set up in the northern centres will be supported by an eighteen-week intensive training program. Starting in January six unemployed Inuit will receive specialized training which will cover the technical aspects of video conferencing as well as marketing the service, and management skills required to coordinate conferences. The hands-on training will be conducted using the technology itself, with trainees participating from their own communities.

Video conferencing holds a great potential to connect Northerners to each other or with people anywhere in the world. Recently, as part of the Museum of Nature exhibit at the World Conservation

Congress, ICSL coordinated a video conference pilot program linking a class of students in Iqaluit with a class in Montreal. The two groups of students shared presentations via live video feed and were given the opportunity to discuss environmental issues, traditional and modern lifestyles, and the management of resources in the modern world. Both groups gained a great deal of understanding from the face-to-face encounter. As producer Patty Billings explains projects like this are just starting to tap the potential of interactive two-way communication. "It was very successful. This is a way to use the video conferencing technology to link the world to Northerners".

Not only is ICSL making steps towards connecting the North to the world, it is also taking a giant leap toward connecting communities throughout the circumpolar world. A community consultation model is being developed to link communities via video and tele-conference. The advantages of the interactive component of the technology, which can encompass a larger symposium beyond the delegates sent to conferences, are within reach. Additional delegates can be linked in via video conferencing studios, and others groups can be linked through teleconference at hamlet offices. In addition, through broadcast on TVNC, the symposium can link communities throughout the North to the proceedings, and provide the opportunity for input via a 1-800 number. The potential for completely interactive, live, simulcasts shows great promise to expand direct community-based decision making and information sharing among Inuit.

As Inuit Communications Systems Limited expands the greatest challenge is keeping on top of technology. Finding innovative applications which serve the practical needs of Northerners and the cultural needs of Inuit, often go hand in hand. "In the North we are able to be on the leading edge of it" explains Patty Billings. "Just because of the distance, we need all the modern equipment

just to communicate. Inuit are very accepting of this." Through a willingness to find solutions ICSL is closing the distances between communities in the North and providing vital links connecting the Inuit world.

Source: Indian and Northern Affairs Canada

3.9 Lac La Ronge Indian Band – Kitsaki Development Corporation A Canadian Indigenous Success Story

One of the most successful examples of Indigenous business development is the Lac La Ronge First Nation from Saskatchewan in Central Canada. In the mid 1980s the First Nation formed Kitsaki Development Corporation (KDC), which has since changed its name to Kitsaki Management Limited Partnership, to serve as a vehicle for the First Nation's business and economic development activities.

KDC hired professional management and developed an objective of becoming a major economic force in northern Saskatchewan and a major participant in all sectors of the northern Saskatchewan economy. This was quite a challenge at the time as KDC had literally no business experience and little capital. However it had several key advantages:

- A Chief and Council who were committed to the success of the business and who allowed the business to operate at arm's length, eliminating political interference
- A requirement that Indigenous people benefit from resource development. (This requirement was articulated in the Bayda Report, which set out the conditions for the development of the northern Saskatchewan Uranium industry, stipulating that indigenous peoples should be beneficiaries)

- A visionary and entrepreneurial manager.

Today, fifteen years later, they are one of the most successful examples of indigenous business development anywhere. They are a major economic force in northern Saskatchewan and are 100% owners or major shareholders in over 10 businesses with a combined value of over \$50 million and employing hundreds of people. The following provides a brief description of the company and some of the main businesses they are involved in.

Kitsaki Management Limited Partnership owns Kitsaki Development Corporation and performs the for profit economic development activities of the Lac La Ronge Indian Band. The chief and council serve as the board of directors and together they work to serve the 7,000 band members who live in the six communities that make up the band. Those communities are Grandmothers Bay, Hall Lake, Little Red, Nemeiben River and Stanley Mission. Chief and council know that profitable economic development will ultimately lead to job creation and training opportunities. 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 the individual companies. They try to obtain a majority interest in a business with a highly motivated entrepreneur or a strong corporate partner and then work with that partner to maximize profits, employment and training opportunities.

Kitsaki has already won a number of awards for its success in the field of aboriginal economic development but the work is far from done. Unemployment

remains high in Northern Saskatchewan and there is a growing population of young people. The Band wants to provide employment opportunities for these people so they can help strengthen the Saskatchewan economy.

Northern Resource Trucking Limited Partnership serves Saskatchewan's mining industry, hauling, primarily to Uranium mines owned by Cameco Corporation, and Cogema Resources Inc. NRT has operated in a safe and efficient manner since 1986. Kitsaki and Trimac Transportation Services Ltd. started this business (see case study in main paper), and subsequently expanded the ownership base to include a number of Métis, Dene and Cree Nations across Northern Saskatchewan.

The highly trained leased operators haul a variety of sensitive commodities, over challenging roads, and through intense weather conditions. In addition to quality service, NRT is mandated to select, train and develop northern and aboriginal people in the industry. With offices in Saskatoon and La Ronge, NRT runs the biggest equipment allowed in Saskatchewan. NRT is a prime example of what can be achieved through cooperation between the mining industry, and aboriginal business.

The La Ronge Motor Hotel Limited Partnership, is the only full service hotel in La Ronge. It is newly renovated and offers convention and banquet facilities, in addition to 60 air-conditioned rooms with cable television, a new beer store, coffee shop, dining room and lounge. The business is 100% owned by Kitsaki and is located on beautiful Lac La Ronge Lake, across from the public beach and tennis courts. The staff prides themselves on their first class customer service. The La Ronge Motor Hotel has proven to be a fine training ground for La Ronge Band members and other aboriginal people entering the hospitality industry.

Kitsaki originally purchased the hotel in a joint venture with existing management. However, after several years of operational challenges, it bought out the partner and now owns 100% of the business.

The Lac La Ronge Indian Band, as a member of the Prince Albert Grand Council, is also an owner of three hotels in Prince Albert. The Prince Albert Inn, the Marquis Inn and the Marlborough Hotel.

The Prince Albert Inn is a 109-room, full service hotel in Prince Albert, Saskatchewan, located Adjacent to the Northern Lights Casino. The newly renovated hotel features a family restaurant, pub, beer and wine store, plus a new swimming pool/whirlpool complex. The Prince Albert Inn provides convention facilities for up to 250 people along with executive suites that include fax machines and e-mail access. The Hotel is owned equally by twelve First Nations of the Prince Albert Grand Council, including the Lac La Ronge Indian Band.

Kitsaki Meats Limited Partnership produces meat snacks sold across Canada under a variety of private labels. It is one of only a few federally inspected meat plants in Saskatchewan, and the only one in the north. The plant can smoke; process and package a wide range of products including natural jerky ground and formed jerky, in both individual sticks and bulk packaging. The company also sells its own Northern Lights line of meat snacks.

The retail meat division supplies fresh meat to a variety of customers across northern Saskatchewan. Better quality food at lower prices is one of the benefits that Kitsaki has brought to the north. It is also provided unique training opportunities, in a manufacturing environment, to many northern aboriginal people. Kitsaki meats is also a growing exporter of Wild Rice.

La Ronge Industries Ltd. is the largest grower of wild rice in western Canada.

Wild rice is a gourmet, organic food that is popular in quality restaurants and kitchens around the world. The business is 51% owned by Kitsaki, and 49% by a corporation controlled by the Federation of Saskatchewan Indian Nations. It controls wild rice leases scattered throughout hundreds of picturesque lakes in remote areas of northern Saskatchewan. The Lac La Ronge Indian Band also has extensive wild rice areas on its reserve lands. The rice is harvested, from a variety of shallow areas in lakes and rivers, by driving airboats through these rice patches. This raw product is then processed in La Ronge at a state of the art processing plant. The finest wild rice in the world is then marketed primarily to the United States, Europe and elsewhere in Canada. The wild rice industry is supported by Kitsaki, to provide an important seasonal economy for a number of band members in one of the few industries that remains consistent with those who continue to live close to the land.

First Nations Insurance Services Ltd. offers group pension and benefits to first nations, their institutions, and businesses. Started by Kitsaki, ownership is now being transferred to the Federation of Saskatchewan Indian Nations. Peter Ballantyne Cree Nation is also a minority partner. The company's plan is tailored to suit first nation people. While status Indians enjoy certain basic treaty benefits, the benefit plan offered by First Nations Insurance builds on these basic benefits and adds many additional important benefits. The First Nations Insurance pension plan puts first nations people in charge of first nations investments

Athabasca Catering Limited Partnership does food service and janitorial work for a variety of northern mines, and in particular for Cameco Corporation. Kitsaki and private entrepreneurs started the company. The ownership base was subsequently expanded to include the first nations of Black Lake, Fond du Lac, Hatchet Lake, and English River. The employees of

Athabasca have served millions of meals to hungry miners across the north, and the company has been able to pay tens of millions of dollars in wages to the employees whom are primarily aboriginal people of northern Saskatchewan. The seven-day in seven day out nature of the employment means that even people from remote communities can hold these jobs and still stay in their home community during their time out.

Dakota Winds Kitsaki Mechanical Services Ltd. performs plumbing, heating, refrigeration, and mechanical services in Saskatchewan. The business was originally started by Whitecap Dakota Sioux First Nations and Inter-city Mechanical (1985) Ltd. Kitsaki joined as an owner in 1999 as the company expanded to La Ronge. The company's target areas of growth include province wide contracts in both the public and mining sectors. They are also involved with the expansion of the northern industrial projects such as sawmilling, natural gas distribution, and the maintenance of commercial infrastructures. The company has developed a successful training and recruitment model for aboriginal youth that will meet the future needs of the company and their home communities as they become trained journey persons. This business, using unionized labor, is capable of training in five different trades, plumbing, pipefitting, welding, refrigeration, and sheet metal.

Wapawekka Lumber Limited Partnership is a modern technology sawmill located north of Prince Albert. The 22.5 million-dollar sawmill processes small diameter logs into lumber. Started in 1999, the business brings Kitsaki together with Peter Ballantyne Cree Nation, Montreal Lake Cree Nation and Weyerhaeuser Canada. The business has already established itself as an extremely safe world-class sawmill based on a unique partnership and a diverse talented work force. Wapawekka Lumber is a unique partnership between the Woodland Cree

and Weyerhaeuser creating higher value quality products from small diameter logs, while providing employees with ongoing growth and career opportunities. The highly skilled, predominately aboriginal work force, have been trained in a variety of areas including, computers, fire and safety, work systems, cultural awareness, principles of teamwork, W.H.M.I.S. and occupational health and safety.

Keewatin/Procon Joint Venture has been established to provide contract-mining services for both surface and underground mine sites. The company can also provide extensive related construction service. The joint venture partners of this business include Keewatin Mining Corporation, a company owned by Kitsaki, together with the first nations of Black Lake, Hatchet Lake, and Fond du Lac. Keewatin owns 51% of the joint venture. While the other 49% is owned by Procon Mining and Tunneling Ltd. Procon has extensive mining and tunneling experience using a variety of mining techniques, both surface and underground, and has operated in a wide variety of soil conditions. Procon also operates an industrial construction division, as well as maintaining a division that can provide extensive access to a great variety of heavy equipment. Keewatin Procon has successfully completed projects at Macarthur River, McLean Lake, and Cigar Lake. The joint venture was also involved in the Nisto Mine Decommissioning.

Source: Adapted from Kitsaki Development Corporation Website by Wayne Dunn & Associates Ltd.

4 Strategies and Tactics

The experience of indigenous business development in Canada and elsewhere in the Americas suggests a number of strategies and tactics that may be considered by Indigenous Peoples in Ecuador as they seek to participate more

productively in the Ecuadorian economy. The following are presented as suggestions for exploration only as the author does not have direct experience in indigenous development in Ecuador, and accordingly is reluctant to offer specific recommendations. However, based on experiences in other locations in the Americas, there appears to be some universality in the following strategies and tactics.

4.1 Profitability and Business Objectives

Businesses should be run to make an economic profit. This is not to say that the business may not have other, higher-level objectives, or that the profits cannot be reinvested in the development of people and community. But, if a business does not consistently produce an economic profit, it cannot survive to meet other employment and development objectives. The experience in Canada and elsewhere demonstrates conclusively that failure to maintain a focus on business viability and profitability lead to failure and the inability to meet other developmental objectives. As Chief Harry Cook of the Lac La Ronge First Nation has explained numerous times, *“If our businesses do not produce a profit, they cannot fulfil our employment, training, management and capacity development objectives. But, if they are profitable, they can provide the fuel that allows our people to become more productive participants in the economy and meet our other development objectives. The profits from our businesses have enabled us to provide our people with a range of training, social development, cultural development and other objectives. Without profits, none of this would be possible.”*

4.2 Organizational Considerations

Business development requires a business organization. For various historical and developmental reasons, Indigenous People’s organizations are generally structured as political/social organizations. This type of organization is often necessary for the pursuit of political and social objectives. However, it does not immediately lend itself to use as a business development organization. In addition to various legal issues surrounding undertaking profit oriented projects, the organizational structure of political/social organizations is often too cumbersome and restrictive to enable a proactive and strategic approach to business.

In general, to participate more effectively in business and economic development, it is necessary to have a business organization that is dedicated to this objective. Two approaches that have been used successfully are:

- **Wholly owned business corporation** – One approach that has been used successfully is for the political/social organization to create a wholly owned business development corporation that is structured such that it meets the legal requirements to enable it to go into private, profit oriented business. The political/social organization would generally own 100% of the shares in the corporation. Often the ownership is a trust arrangement whereby the shares are owned in trust for the members of the organization. While the legal requirements of the country will have some impact on how the Board of Directors is constituted and other organizational requirements, the business corporation will generally be operated as the business arm of the parent organization, pursuing for profit projects that are consistent with the development objectives of the parent organization.

- **Stand alone business** – In some cases the political/social organization may decide against getting directly involved in business development. One approach that has worked successfully in situations such as this is for individual entrepreneurs and leaders to form their own development corporation. While it is generally advantageous to have some organizational and/or political ties to the main political/social organization this is not absolutely necessary.

The key issue from an organizational standpoint is that *to do business one needs an organization dedicated to doing business*. The organization can still have higher objectives, such as the overall development of Indigenous Peoples, but it should be clear that it will pursue these objectives through developing and operating profitable businesses.

4.3 Regulatory Advantage

Strive for regulatory encouragement of indigenous involvement in natural resource development. This will not only create strategic advantages for Indigenous businesses, but will also provide greater certainty and risk mitigation for international investors.

Often natural resources such as oil and gas, minerals, forestry, fisheries, etc., are located on lands that have historically been the economic base of Indigenous Peoples. In Canada and elsewhere, Indigenous Peoples have lobbied successfully to have this connection between their historical lands and natural resource development recognized officially in regulations that provide them some level of advantage in participating in resource development opportunities. This advantage ranges from an encouragement that resource developers

hire and develop indigenous workers and make ‘best efforts’ to procure goods and services from indigenous suppliers, to more formal and enforceable requirements for productive participation of Indigenous Peoples in resource development.

At first glance this may seem to impose an extra cost on resource development and be a dis-incentive for foreign investors. However, given the global trend towards sustainability and the increasing interest of financial institutions in the social impact of investments in resource development, incorporating indigenous preferences into resource development regulations may actually create a strategic advantage for developers. Incorporating positive local involvement into resource development will have several direct impacts; risk will be mitigated, local oppositions will diminish and international financial institutions will be more apt to support the project. This is truly a win-win approach.

4.4 Joint Ventures

Joint ventures can enable an indigenous business to bridge financial, managerial and other capacity gaps. As discussed earlier in this paper, indigenous businesses often have access to significant opportunities but, due to limited financial, managerial and/or technical capacity, are unable to fully capitalize on the opportunity. Joint ventures with partners who can bring the necessary capacity to the business can help to bridge these gaps and enable the development of profitable business opportunities.

4.5 Natural Resource Development

Natural resource development (e.g. oil and gas, mining, and forestry) can provide excellent business and economic opportunities for Indigenous Peoples. These resources are often located on or near lands that are the traditional homes of Indigenous Peoples. The firms developing these resources, especially multi-national companies, are becoming increasingly interested in how they can work productively with Indigenous Peoples and local communities. This is not simply a charitable response on their part, but a business reality that is driven by a number of factors such as:

- International Financial Institutions such as the World Bank/International Finance Corporation are often part of the financing for resource development projects. Increasingly they are requiring that projects they invest in have productive relationships with local communities.
- Corporate citizenship/sustainability – many international corporations are embracing sustainable development as

a strategic operating practice. Oil and gas, and mining companies such as Shell, BP Amoco, Placer Dome, etc. have determined that sustainable development and working effectively with Indigenous Peoples and local communities makes strategic business sense. They are ready and willing to find ways to work productively with Indigenous Peoples.

- International pressures are often brought to bear on resource development projects. NGOs are quick to bring international attention to projects that do not meet acceptable environmental standards or are harmful to Indigenous Peoples. To the extent that corporations are able to work effectively with Indigenous Peoples, they have less to worry about from international pressure.
- Investment insurance agencies such as the Multi-Lateral Investment Guarantee Agency (MIGA) insure investments in oil and gas, mining and forestry against a variety of risks. Increasingly they are recognizing that projects that do not work effectively with Indigenous Peoples and local communities have a higher risk of delays and blockages and even outright abandonment of the investment. They are encouraging the investments that they insure to work more effectively with Indigenous Peoples and local communities.
- Private financial institutions are also demonstrating an increasing interest in how resource extraction projects work with Indigenous Peoples and local communities. For the financial institutions it is important for two reasons. The more effectively the project can work with Indigenous Peoples and local communities, the less risk of local issues creating delays and costly project problems. Secondly, projects that come under international pressure for their failure to meet social,

environmental and human rights objectives can have a direct affect on the reputations of the institutions that finance them. This means that the private financial institutions that resource development companies count on for project finance have an interest in seeing that the projects work effectively with indigenous peoples and local communities.

- National governments and development institutions such as the Inter-American Development Bank have an interest in ensuring that natural resources are developed in a manner that maximizes local benefits. (this is directly related to the section on regulatory advantage)

Taken together, the above create a climate where it is in the interests of the developers of resource to find ways to work productively with local Indigenous Peoples. The challenge is the lack of business capacity in the indigenous community that makes it difficult for them to provide the goods and services that industry needs.

This capacity gap has been effectively bridged through the use of joint ventures where Indigenous Peoples, who have a strategic advantage in providing goods and services to resource projects, partner with firms that have the technical and managerial expertise to ensure that the resource developer gets the goods and services they need. In Canada this strategy has been used to enable Indigenous firms with little or no experience to get into a range of resource related business such as:

- Transportation services;
- Catering services;
- Underground mining contracting
- Road construction
- Minesite construction
- Diamond drilling and prospecting
- Pipeline construction
- General contracting
- Janitorial services
- Security services

- Environmental monitoring services, and;
- Labour supply

This is an area that offers tremendous potential for a resource rich country such as Ecuador. However, to be successful it is necessary to carefully select the right partners and, as in any business, ensure that the work is done in a way that produces value for the client. Indigenous Peoples in Ecuador may wish to explore possible partnerships with Canadian indigenous firms that have been successful in providing goods and services to resource development projects.

4.6 Tourism

Indigenous Peoples often have a strategic advantage in developing eco-cultural tourism products. The fastest growing area of global tourism is eco-cultural tourism. Indigenous Peoples, with their connection to the land and strong cultural histories, are strategically situated to meet this growing demand. This is an area that can often be developed into profitable businesses for indigenous peoples and also provide employment and secondary business opportunities (i.e. craft sales). It is often advisable to seek out joint venture partners who have the necessary marketing and management expertise to complement the cultural and land based values that indigenous peoples can bring to this venture.

4.7 Environmental Monitoring and Management Services

There is a growing market for the provision of a range of environmental monitoring and management services. In addition to opportunities in the resource extraction sectors, governments, tourism development, international aid agencies and other similar clients increasingly contract environmental monitoring and management services. In

many cases, an environmental monitoring and management company that had indigenous ownership and participation would have a strategic advantage, as it would create incremental value for the client. This is another business opportunity that would likely be best pursued through a joint venture with an existing company and/or a Canadian indigenous partner with expertise in the area.

4.8 Demining Activities

The peace agreement, coupled with the Canadian led, global demining initiative, has created substantial opportunities to provide de-mining (removal of anti-personnel landmines) services in the Ecuador-Peru border area. Canada's role as a global leader in the demining process, coupled with the Indigenous component of this project, provides a major competitive advantage to a joint venture between Ecuadorian Indigenous Peoples and a Canadian indigenous demining firm. There is at least one indigenous owned demining firm in Canada (Tsuu T'na) and they have expressed interest in working in the Ecuador – Peru area. Alternatively, there are likely other non-indigenous owned firms that would realize that a partnership with an Ecuadorian indigenous owned business would provide them with a strategic advantage.

5 Summary

This short paper has attempted to illustrate several key points:

- *Increasing Indigenous participation in business and economic development can have positive consequences for all stakeholders.*
- *The Canadian experience demonstrates that with appropriate stakeholder involvement, indigenous*

owned businesses can rapidly grow and flourish.

- *Ecuador appears to have a number of sectors and opportunities that could provide strategic opportunities and advantages for indigenous business and economic development.*

This paper is not meant to be a definitive treatise on the subject, or to be all-inclusive. It is meant to set forth some ideas and thoughts that may be useful to Indigenous Peoples in Ecuador as they strive to become more productively involved in the local economy. The author welcomes any feedback or comments and can be reached at:

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