

**Government Policy and the Economic Under-Development of
First Nations Communities in Manitoba**

By

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Submitted to the Faculty of Graduate Studies
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1.0 General Introduction

There is an overwhelming amount of literature devoted to economic development highlighting its primacy not only in terms of the economies involved but also as a subject of considerable academic importance in the developed world as well. Economic development does not refer to the same thing as economic growth, although both are important.

To grow means to increase naturally in size by the addition of material through assimilation or accretion. To develop means to expand or realize the potentialities of; to bring gradually to a fuller, greater, or better state.¹

Economic growth is of primary concern for much of the developed world. Having already established strong capitalist economies, the “developed” world seeks to ever-expand its production and thus increase GDP or per capita income.² Economic development is a different process, defined in textbooks as thus:

Economic development, in addition to rise in per capita income, implies fundamental changes in the structure of the economy...Two of the most important of these structural changes are the rising share of industry, along with the falling share of agriculture, in national product and an increasing percentage of people who live in cities rather than the countryside. In addition, countries that enter into economic development usually pass through periods of accelerating, then decelerating population growth, during which the nations age structure changes dramatically. Consumption patterns also change as people no longer have to spend all their income on necessities, but instead move on to consumer durables, and eventually to leisure time products and services. A key element in economic development is that the people of the country must be major participants in the process that brought about these changes in structure. Foreigners can be and inevitably are involved as well, but they cannot be the whole story. Participation in the process of development implies participation in the enjoyment of the benefits of development as

¹Daly, Herman. “Sustainable Growth: An Impossibility Theorem.” in Development. Vol.40, No.1 March 1997 (pp.131-135)

²Gillis, Perkins, Roemer and Snodgrass. Economic Development (3rd ed) Norton and Co. New York.. (1992)

well as the production of those benefits.³

Economic development is traditionally measured by examining a number of indicators across the macro-economy including per capita GDP, per capita health expenditures, infant mortality rates, educational attainment, etc. Developing nations are those with low levels of these and other indicators. These developing economies are characterized by their low levels of progress in the capitalist schemata. Primary industrial activity tends to be based on resource extraction, especially agriculture, and hence technology levels are low and as such, per capita income tends to be very low.⁴

For economies intent on the process of development, there has been a range of options or models which have been developed by academics and “marketed” to under-developed economies. Some countries have been more successful than others in the development process, directing researchers to try and ascertain the ingredients of success as well as failure. The main focus is often the macro-economy, fixing overvalued currencies, getting prices right, restructuring (down-sizing) the civil service, increased trade, etc.

The case for economic development in the First Nations of Canada is somewhat more complicated than that for other developing countries around the world. Primarily, First Nations in Canada are not considered sovereign. In practice, they are considered a part of

³*Ibid.* (pp.8-9)

⁴*Ibid.* (pp. 6-7)

the overall Canadian economy, although there are physically and socio-economically distinct. They have no control over the macro economy. Unlike developing countries elsewhere, they are located within one of the most economically developed countries in the world. The Canadian economy as a whole is well placed in the global market and continues to drive one of the best standards of living in the world. Yet standards of living on First Nations are lagging and many are comparative to those of the developing world.

First Nations families, on average, suffer standards of living which are significantly lower than the national average. Eighty percent of First Nations families living in Manitoba live in poverty.⁵ The majority are dependent on Government assistance for most or all of their income.⁶

Average family income for registered Indian families is only one half that of the average non-Indian family. Unemployment rates are roughly four times as high⁷. Suicides are twice as likely with nearly one third of all First Nations people reporting that they have thought seriously about taking their own life.⁸ Infant mortality rates are 12.2 per 1000

⁵ Assembly of Manitoba Chiefs. Manitoba First Nations Regional Health Survey. Final Report, September 1998.

⁶ INAC. 1991 Census Highlights of Registered Indians: Annotated Tables. Information Management Branch, Indian and Northern Affairs, Canada. (1995)

⁷ *loc. cit.*

⁸ Assembly of Manitoba Chiefs. Manitoba First Nations Regional Health Survey. Final Report, September 1998

as compared to the mainstream 6.8 in 1993⁹. Life expectancy at birth is, on average 10 years less than that for the average Canadian.¹⁰ Educational attainment for on-reserve First Nations peoples is well below the national average as well. According to a recent Provincial survey, nearly 70% of First Nations youth in Manitoba drop out of high school compared to 35% of non-First Nations. For the ones who stay, on-reserve schools suffering from inadequate funding, poor teacher quality and ill-suited curriculum are unable to prepare students enough to obtain even passing grades in standardized tests, particularly in math and science.

Fundamental concerns for First Nations lie within the areas of sovereignty, jurisdiction and the inherent right to be self-governing. The Royal Proclamation of 1763 clearly indicates that the First Nations peoples in Canada were viewed as sovereign. Further, as increasing pressure from settlers made the need for more land apparent, negotiations took place between the Crown and First Nations to cede territory in the lands now considered “Canada” in return for a range of considerations under the auspices of treaty-making.

The use of treaties highlights the fact that First Nations were seen as sovereign and although the numbered treaties signed over large tracts of land for use by the new settlers,

⁹INAC. Basic Departmental Data 1995. Department of Indian and Northern Affairs (1996)

¹⁰INAC: Quantitative Analysis & Socio-Demographic Research. “Highlights of Aboriginal Conditions 1981-2001.” Internal Document. September 1, 1989.

they did not sign any agreement to forgo their right of autonomy. Yet in effect, this is what has happened. With the creation of the Reserve system, the Federal Government took it upon itself to effectively control the lives of its inhabitants. Through the Indian Act, which was designed to manage the relationship between the Government and First Nations, the Federal Government controlled all facets of Indian life, including what they could buy, what they could sell and even when they could leave the reserve.

In the recent past, there have been a number of self-government type agreements which have taken place with First Nations. The Manitoba Framework Initiative, the Sechelt Act and the recently negotiated Nisga'a Agreement are examples of this. These isolated cases, however, suffer an overall lack of consistency and vision for a new model of relations between First Nations and the Government of Canada.

The amount of literature that has been devoted to the poor economic state of Canada's First Nations is surprisingly limited. This may have developed for a number of reasons including the rather broad divide which separates the bulk of traditional rigid economic development theory and the more interdisciplinary approach of community economic development. The case of First Nations lies within a grey area of economic thought. As communities, they would appear to lie within the realm of CED, with perhaps some role for standard micro-economic applications. As sovereign nations, however, they would lie within the realm of macro-economic policy.

First Nations economic policy is largely developed and controlled by the Canadian Government, in particular, the departments of Indian and Northern Affairs (INAC), Industry Canada (IC) and Employment and Immigration Canada (EIC). Policies have been and continue to be, developed in isolation from the contexts to which they apply. Because of funding arrangements, First Nations have little to no control over how these policies are formulated or applied. In fact, their absolute dependency on government for transfers offers little room for meaningful negotiation, discussion or even consultation.

The problem of development for First Nations is complex. Regular development/underdevelopment theory focuses on conventional problems like low savings ratios, high debt ratios, no capital availability, low levels of education and hence inadequate technology. While First Nations suffer from many of these same concerns, technically, their position within Canada should afford them easy access to standard development tools. Yet this clearly has not been the case.

Despite their existence within Canada, First Nations have few indigenous sources of income. They rely, in some cases exclusively, on transfers from the Canadian State. The communities have low levels of infrastructure, very limited capital, poorly developed human resources, limited technical and technological capabilities and a limited natural resource base. Little potential exists within the reserves to provide an economic base for

all First Nations people.

The major instrument for economic development in First Nations is government policy. Since the onset of the Treaty relationship, the Government of Canada has initiated and directed policies for the economic development of reserves. While not explicitly mentioned in the treaties, the documents do make reference to the development of a livelihood base in agriculture, the predominant economic activity at the time:

It is further agreed between Her Majesty and the said Indians, that the following articles shall be supplied to any band of the said Indians who are actually cultivating the soil, or shall hereafter commence to cultivate the land, that is to say, two hoes for every family actually cultivating; also one spade for every family as aforesaid; one plough for every ten families as aforesaid; five harrows for every twenty families as aforesaid; one scythe for every family as aforesaid; and also one axe and one cross cut saw, one band saw and one pit saw, the necessary files, one grindstone, one auger for each band, and also for each chief for the use of his band, one chest of ordinary carpenters tools; also for each band, enough of wheat, barley, potatoes and oats to plant the land actually broken up for cultivation by such band; also for each band, one yoke of oxen, one bull and four cows; all the aforesaid articles to be given once for all for the encouragement of the practice of agriculture. (Treaty #3)

Governments acknowledged the need to ensure that First Nations peoples had the means by which to earn their livelihoods. At that time, as the people were being placed into “reserves” it was expected that they would take up agriculture in place of their often multivariate livelihood strategies which included hunting, gathering, and fishing augmented by increasing trade. Government policy was designed to set up the newly settled First Nations peoples as small scale farmers.

Yet the policy failed in that few aboriginal farmers were able to earn a decent living at

agriculture, although they were surrounded off-reserve by immigrant farmers who were able to do quite well. This was due to the policy-imposed limitations set on the new farmers. For example, while off-reserve farmers, starting off with a minimum allocation of a quarter section (160 acres), quickly realized the economic imperative to expand their farms to incorporate greater economies of scale for wheat production, government regulations set up Indian farms of 40 acres or less and emphasized more labor intensive root crops.¹¹

Subsequent policies aimed at solving what came to be known as the “Indian Problem” did disappointingly little to solve the real problems of reserve poverty, while at the same time the very same government was facilitating the development of Canada as a whole, as one of the wealthiest countries in the world.

Although the Federal Government has been orchestrating economic development efforts for First Nations in Canada for well over one hundred years, there have been very few success stories. First Nations remain the single most under-developed aspect of the overall Canadian economy.

This document sets out to determine reasons why economic development efforts have

¹¹ Buckley, Helen. From Wooden Ploughs to Welfare: Why Indian Policy Failed in the Prairie Provinces. McGill-Queens University Press.(1993) pp.53-54

fallen flat. If the theoretical foundations of economic policy are weak, this may help explain their poor performance.

Fred Weins, in his study of the socio-economic circumstances of the Micmac in Nova Scotia explains the role of theory in policy development and analysis:

A theoretical framework represents a particular point of view on the phenomenon in question. It begins with a series of assumptions about such things as the nature of human beings and what motivates them. It then specifies the particular causal factors, and the nature of the relationship between among those factors that are believed to explain the phenomenon. If carried to its logical conclusion, policy and strategy considerations consistent with the prescriptions of the theoretical framework can also be specified. Thus when certain policies are advanced to deal with Indian poverty, underemployment and dependence, they can be traced back to a particular theoretical framework.¹²

This main objective of this work is to delineate theoretical foundations for the failure of federal economic development policy for First Nations, focusing on Manitoba. In particular. A range of theoretical frameworks including classical dependency theory and its offsprings, convergence theory, neo-classical economic development, and community-based economic development (CED) will be reviewed and then measured against the recent economic development policies of Indian and Northern Affairs (INAC), Industry Canada (IC) and Employment and Immigration Canada (EIC).

In addition to these theories, a fifth model will be examined which has been recently developed out of Harvard University to deal specifically with the considerations of

¹² Weins, Fred. Rebuilding the Economic Base of Indian Communities: The Micmac in Nova Scotia. The Institute for Research on Public Policy, Montreal. (1986) p.p.79-80

economic development on-reserve (The Harvard Project on American Indian Economic Development). Based on largely quantitative analysis of successful and unsuccessful economic development projects on-reserve, Stephen Cornell and Joseph Kalt have developed a model which will be measured against Canadian Government Policy.¹³

Fred Wiens (1986) conducted a theoretical review in his analysis of the Micmac in Nova Scotia and concluded that no single theoretical model could account for the idiosyncratic relationship between the State and First Nations.¹⁴ As such, it makes sense that a range of theoretical models will provide a more flexible tool basket which can then be customized to meet the idiosyncratic circumstances of First Nations communities. Further, whereas his research was focused on the applicability of theory in understanding poverty and underdevelopment, this projects seeks to develop a theoretical foundation for the failure of government policy while at the same time generating new ideas for a sound First Nations economic development policy framework.

¹³ Cornell, S. & Kalt, J. "Reloading the Dice: Improving the Chances for Economic Development in Indian Reservations." pp.1-59 in Cornell and Kalt eds. What Can Tribes Do? Strategies and Institutions in American Indian Economic Development. American Indian Studies Center, UCLA. (1995)

¹⁴ Weins, Op. Cit. P.121

2.0 Overview of the First Nations Context

There are 52 different tribal groups (Haida, Ojibway, Mohawk etc.) represented across Canada making up a total of 608 First Nations communities and representing over 400,000 registered Indians.¹⁵ In Manitoba, there are sixty two First Nations communities ranging in size from less than one hundred to well over six thousand.¹⁶

Sixty percent of registered First Nations persons live on designated reserves. This number is decreasing with time. In 1985, just over 70% of the registered Indian population lived on reserves. People tend to migrate to the urban areas seeking better education and employment opportunities,¹⁷ although their attachment to urban life may be somewhat tenuous. In addition, the introduction of Bill C-31 in 1985 increased the registered Indian population in urban centers as women and children who had lost their Indian status due to marriage had status returned to them although not necessarily Band membership, nor any of its privileges (housing, voting rights, program access). Some of this will change shortly however, due to the recent decision of the Supreme Court of Canada which ruled that off-reserve Indians have the legal right to vote in band elections.

There is an incredible diversity across First Nations communities across Canada. Some

¹⁵ INAC "Demographics" Infosheet . INAC Homepage@ <http://www.inac.gc>. (1998)

¹⁶See Appendix A

¹⁷INAC "Demographics" Infosheet . INAC Homepage@ <http://www.inac.gc>. (1998)

communities are very wealthy (eg. Samson Band, Alta) while others are extremely poor (eg. Paungassi, MB) Forty three percent of all First Nation communities have populations of less than 500. Only eleven percent have a population base of 2000 or more, These are important considerations for policy-making as the poor economies of scale available locally in most communities would serve as a considerable constraint not only in the development of economic enterprises, but also with respect to the development of effective government and service delivery institutions as well.

The First Nations population in Canada is quite young. Over one half of the on-reserve population is under the age of 25. Accordingly, the expected rate of growth is estimated to be 2.3% per year as compared to only 1.1% for the rest of Canada.¹⁸

A relatively young population represents several important factors that need to be taken into consideration for policy formation including increased fertility, high demands for education, training and employment, and an impending rise in health care needs as the population ages.

Historically, the First Nations economy was based on subsistence production and natural resources. Depending on their location within North America, people hunted, fished, gathered, traded and engaged in limited forms agriculture. Coastal peoples were afforded

¹⁸ INAC "Demographics" Infosheet . INAC Homepage@ <http://www.inac.gc>. (1998)

greater economic stability. Fishing and sea-harvesting provided for the bulk of the peoples needs. The people were able to set up permanent villages and devoted more time and attention to arts, crafts, and social, political and cultural development.

Prairie dwellers, due to a harsher climate and seasonality of the resources, were largely transient. People followed the buffalo, the game of choice, across the Prairies during the milder months and wintered in woodland areas where conditions would be less harsh and small game was readily available. Survival activities would take up a significant portion of ones time. Advanced social/cultural and political institutions were not as common. Long term settlements were rare as hunting groups moved around following their seasonal food source. Annual gatherings of Tribal groups did occur however. The primary locus of activity, however, was the family.

Prior to European contact, trade between the tribes was apparent. For some groups, annual trips south meant the opportunity to secure a range of goods.

Where a surplus of a particular product was generated, it provided a basis for trade within and among aboriginal nations. Agricultural producers living in what is now southern Ontario and the St. Lawrence Valley supplied corn and other products to those without an agricultural base, exchanging them for fish and furs. Extensive commercial networks also existed in areas such as the northwest coast of British Columbia, where foodstuffs were transported between the coast and the interior.¹⁹

Pre-contact economic activity, particularly in the Prairies, was based primarily on socio-

¹⁹ Royal Commission on Aboriginal Peoples. Restructuring the Relationship. Vol.2
Minister of Supply and Services Canada (1996) p.782

economic survival. Traded goods, thus, not only enhanced material wealth, they afforded a certain social distinction, not only in their ownership, but in some cases, as they were given away.²⁰

Contact with the Europeans took place on the east coast in the 1500s. The Mi'kmaq peoples made acquaintance with the foreigners who often camped on shore briefly to clean and preserve fish before they headed off on the long journey home. The Mi'kmaq would trade furs with the fishermen in return for European knives, clothing and iron goods. Further west, European contact took place with the advent of the fur trade in the early eighteenth century.

As the demand for furs from the "New World" grew, Europeans faced increasing incentive to set up shop in First Nations territory across the Prairies and trade with the indigenous peoples. Initially, the fur trade served both First Nations and European interests. To obtain the furs that they required for export, the HBC and Nor'West Company relied on the assistance and cooperation of the First Nations people.

To keep a steady flow of furs into the company vaults, the company had to maintain the goodwill of the Indians. The standing orders of the company stated that the Indians were to be treated with "kindness and indulgence....and liberally supplied with requisite necessities, particularly articles of ammunition, whether they have the means of paying for it or not."²¹

²⁰ *Ibid.* p.782-783

²¹ G.F.G Stanley. "As Long as the Sun Shines and Water Flows: An Historical Comment." in I.A.L. Getty and A.S. Lussier, eds. As Long as the Sun Shines and Water

The initial foray of the fur trade into Canada did not require a significant change in the aboriginal way of life. As R. I Miller notes:

...the interests of merchant capital (that is maximizing profits) required that the Indian be maintained as an independent hunter and trapper with unimpaired access to the basic means of production (the land, the game and his own tools) and with complete freedom of movement over large hunting territories.²²

However this was quick to change, particularly after the rivalry between the Nor'West Company and Hudson's Bay Company ended. With full control over the industry, The HBC was quickly able to take control over the means of production (guns, ammunition, supplies etcetera) and as such effectively "manage" the First Nations hunters. The HBC held monopoly control over the pricing of supplies as well as the prices of the furs received. As the Indians grew increasingly reliant on the goods available at the HBC stores, so too they became increasingly reliant on the hunting for furs.²³ The range of livelihood activities engaged in by First Nations diminished rapidly as the people became accustomed to the newly monetized economy.

This early Euro-Indian relationship paved the way for the entrenched dependency of First

Flows: A Reader in Canadian Native Studies. Vancouver: University of British Columbia Press (1983)

²² R.I. Miller. "The Indian Reserve System in Manitoba, 1870-1900 (Master of Development Studies, thesis, Institute of Social Studies, the Hague-Netherlands (1981) p.p. 36-50

²³Echols, Jeffrey. "Negotiating First Nations Self-Government in Manitoba: A Historical-Legal Analysis. (Undated) p,15-18

Nations people which became the hallmark of government policy.²⁴ Gradually, First Nations people were alienated from the traditional livelihood activities which had sustained them for centuries. The events of the fur trade, over time, served to facilitate the transfer of First Nations people from independent producers to simply “labour power”.

Not all First Nations were involved in the fur trade, however. The formal transformation to “labour” was completed with the advent of the reserve system during the latter half of the nineteenth century. The reserve system divorced First Nations from the vast resource base (land base) that was required to support traditional livelihoods,(i.e. hunting, trapping, gathering, fishing, etc.). The initial reaction of the highly adaptive people was to work for wages in the nearby non-aboriginal communities. Over time, however, their opportunities for work diminished significantly for a number of reasons:

- i. First Nations communities were located in remote locations, away from non-aboriginal labour markets (in one example St. Peter’s reserve, near Selkirk was relocated to Peguis, MB.)
- ii. The demand for unskilled labour rapidly declined with mechanization
- iii. Racism and/or discrimination in the labour market

The Great Depression of the 1930s brought First Nations communities, alongside non-aboriginal communities to the brink of poverty and desperation. Welfare was introduced

²⁴ *Ibid.* p.17

at this time as a short term response to the severity of the economic crisis across Canada and, by the end of the second world war, was firmly entrenched. Designed within a non-aboriginal context and applied broadly, many contend that welfare, coupled with the alienation of First Nations people from their traditional resource base, has destroyed the will and independence of First Nations people, particularly on-reserve.

And I think if we look back when the newcomers came to this country, they had no land, they had no resources but our people being the way they are, were willing to share and help the newcomers survive and to adapt to this changing environment and over time things have really changed and we're glad that those opportunities were available and that people have developed to the state that Canada is in today. But the downside of that is, now someone else has all the land and resources and our people have dependency and, for the most part, only welfare as a means of survival....²⁵

The reserve system "collectivized" what were primarily nomadic prairie tribes who were not particularly well suited to permanent settlements of any kind. The alienation of First Nations people from the land and resources that had sustained them for centuries remains the most significant cause of First Nations poverty and underdevelopment.

While prior to the treaties, Cree and Ojibway tribes pursued livelihood activities in groups, these groups were family based and typically quite small. Large tribal gathering were annual events and occurred to coincide with activities or ceremonies which were best suited to large groups, i.e. sundance ceremonies, or large scale buffalo hunts such as those at Head Smashed In Buffalo Jump, Alta. Such large scale collective-type activities

²⁵ Chief Louis Stevenson. From a Speech given April 27, 1999 addressing Provincial, Federal and First Nations and Private Sector partnerships. Radisson Hotel. Winnipeg, MB.

took up maybe one to two months per year. Traditional prairie livelihood activities required the mobility, adaptability and manageability of small, family-based hunting groups. The creation of the large scale reserves imposed a foreign lifestyle on the prairie Indians and denied them any opportunity to pursue the livelihood activities they had known, as well as denied them any chance to successfully adapt to the rapidly changing circumstances.

The Indian Act (1876) further alienated First Nations people from their land by denying them the same opportunities afforded to the settlers. Section 70 of the Act prohibited Indian people from the acquisition of land outside of the reserve allocations:

70. No Indian or non-Treaty Indian, resident in the Province of Manitoba, the North-West territories or the territory of Keewatin, shall be held capable of having acquired or acquiring a homestead or pre-emption right to a quarter section, or any portion of land in any surveyed or unsurveyed lands in the said province of Manitoba, the North-West Territories or the territory of Keewatin, or the right to share in the distribution of any lands allotted to half-breeds.

Even where some First Nations people may have preferred to adapt to the changing ways and set up a homestead farm, as did the newcomers, they were systematically barred from any of the opportunities available. Instead, they were encouraged to participate in “reserve farming” which seemed designed to fail on all fronts. Early government policy and its effects on First Nations economic development efforts will be more fully explored later.

The single most significant factor in the poverty and underdevelopment of First Nations

in Manitoba and across Canada stems from the fact that the traditional resource base, which had sustained the First Nations people for hundreds of years, was, through the treaty process, placed under non-aboriginal control. With the establishment of the reserves, the First Nations economy fell under the control of non-aboriginals, with disastrous consequences.

Economic development efforts which have taken place since the establishment of the reserves have been under the direction and control of non-aboriginal interests, i.e. the Federal government. A careful examination of historical evidence will show that early policy was much more interested in "civilizing" the First Nations people than it was giving them sustainable economic opportunities. Early government policies were ignorant, paternalistic and clearly racist as the original population was stripped of its resources and unable to access the burgeoning opportunities that were attracting immigrants from all over the world.

Still, the past few decades have brought few real improvements for First Nations people relative to the rest of Canadian society. Government policy is no longer so blatantly inappropriate, yet it still fails miserably. Poverty, unemployment, alcohol and drug abuse, family breakdown, teen-age pregnancy, suicide, welfare dependency, etc. are all much too common aspects of reserve life. Even more disturbing is the entrenched despondency and lack of hope present in many young people who aspire to little more

than their own welfare entitlements.

Even “successful” reserve communities like Peguis First Nation or the Opasquayek Cree Nation suffer from unemployment rates that are close to sixty percent despite considerable economic development efforts and millions of dollars being injected into the communities. Why does this poverty and lack of opportunity persist despite the fact that the Government pours millions of dollars into economic development in Manitoba First Nations each year?

One possible answer is that not enough resources have been committed, and indeed, many First Nations leaders would agree with this verdict. But surely, even with the limited monies that have been spent, there should be some clear patterns for success. A second option is that the resources that have been committed, have not been done so efficiently and effectively. This would be the case if the theoretical underpinnings of the government policy was inappropriate given the unique circumstances of First Nations.

The next section will explore a range of theoretical development models with the goal of establishing their basic premises and use value in the First Nations context. Section four will examine recent government policies and attempt to ascertain their theoretical foundations as well as their practical results. Finally, the relationship between government policy, its theoretical foundations and the overwhelming lack of success with

respect to First Nations economic development will be examined.

3.0 Economic Development Models: Overview

Standard economic development textbooks define the process of economic development as a process by which economic growth, i.e. an increase in per capita income, is accompanied by fundamental changes in the structure of the economy, including industrialization, stabilization of population and shifting expenditure patterns from necessities to consumer durables and increasing leisure activities. Many texts will also incorporate the concept of empowerment, whereas the major participants in the process are those who would take direct benefit.

Economic development in Manitoba First Nations implies these same things. Key indicators for economic development in Manitoba First Nations include population growth rates, education levels, employment, per capita income levels and internal linkages. As noted in the General Introduction, these key indicators reveal low levels of economic development across First Nations in Manitoba and across Canada despite much money and effort on behalf of the Federal Government.

Theoretical models are derived to suit two main purposes:

1. Explain low levels of economic development
2. Prescribe formulas to alleviate the above

There are a number of different policy schools which approach the issues of economic development from different perspectives. Each offers a different analysis of the real “problem” at hand and subsequently offers different advice on how to overcome these “problems” and attain the state of development.

The following provides a brief synopsis of a range of economic development theories. Each is summarized briefly, followed by a preliminary discussion of its applicability to the case of Manitoba First Nations.

3.1 Dependency Theory

Dependency theory has its early roots in the 1950's work by Paul Baran entitled “The Political Economy of Growth”. He argued that the interests of the developed world conspired to keep the developing countries poor, seeking only to benefit a few key decision-makers locally while transporting valuable natural resources at low costs to back to the factories of the developed world.²⁶

Baran was the first economist to acknowledge that the path to development for developing countries would be radically different to the path of those who had developed

²⁶ Rapley, John. *Understanding Development: Theory and Practice in the Third World*. Lynne Rienner Publishers; Boulder, Colorado (1996). p.132

already.²⁷ As new countries sought the path to “development” the context in which they were developing was profoundly different. In many ways the means to development are now controlled by those who have already developed.

His analysis of the relationship between the developed or “advanced” countries and underdeveloped or “developing” countries was divided into three main categories of interaction:

- i. **Trade Flows:** served to provide cheap natural resources to advanced countries
- ii. **Surplus flows:** profits and dividends earned on the exported materials which served to benefit the advanced countries at the expense of the developing world
- iii. **Political-military influence:** used to maintain governments in underdeveloped areas which are predisposed to the interest of foreign investors

Baran proposed that developing countries had developed, in interaction with the developed world, a distinct economic structure which served to inhibit economic development. These economies were characterized as having a large agricultural sector based on small peasant production and a small but relatively advanced industrial sector which was owned at least in part, by foreigners. The focus of industrial production is on primary products

²⁷Brewer, Anthony. *Marxist Theories of Imperialism: A Critical Survey* (2nd Edition). Routledge; New York. (1990) pp.136-160

Dependency Theory is most often associated with Andre Gunda Frank. He wrote in his 1969 book "Capitalism and Underdevelopment in Latin America" that:

I believe, with Paul Baran, that it is capitalism, both world and national, which produced underdevelopment in the past and which still generates underdevelopment in the present.²⁸

According to Frank, incorporation into the global capitalist system leads to some development for some, and for others, it leads to the *development of underdevelopment*.²⁹

Thus there is a very distinctive difference between un-development and underdevelopment. Un-development is the state of an economy prior to capitalist intervention. Underdevelopment occurs precisely because of the introduction of capitalism into the economy which then works to transfer wealth to the outside.³⁰

The dependency theorists postulate a metropolis-satellite model for explaining capital flows between the developed and underdeveloped world. The relationship begins when capitalists from the metropolis invest capital into the satellite, usually for primary resource or labour intensive goods production. This employs local labour, generates some income and tends to create a local petit bourgeoisie of managers and supervisors. The creation of a local bourgeoisie is necessary to ensure the self-interest of the local elite

²⁸ Frank, A.G. *Capitalism and Underdevelopment in Latin America*. Revised. Modern Reader Paperbacks; New York (1969)

²⁹ Brewer, Anthony. *Marxist Theories of Imperialism: A Critical Survey* (2nd Edition). Routledge; New York. (1990) pp.164-165.

³⁰ *Ibid.* p.164-165

is closely bound to the interests of the metropolis. All the real wealth generated however, returns to the capitalist investors located in the metropolis. As such, no real capital investment capability is developed locally. The satellite is completely dependent on the metropolis for development, and the metropolis capitalist is only interested in developing the resources of the satellite to the extent that it can extract the surplus and transfer it back to the metropolis. Accordingly, real development is never achieved.³¹

Dependency theory, applied specifically to First Nations in Manitoba would support the idea that the Federal Government, in conjunction with the ruling elites of Canada, have conspired to use government policy to assist in the drainage of resources and surpluses from First Nations into the general economy. This would offer an explanation as to the sustained impoverishment of First Nations in light of the general well-being of the Canadian economy as a whole and is not an unpopular theory among many First Nations activists. Del Riley, who was with the National Indian Brotherhood, one of the precursors to the Assembly of First Nations, wrote:

Finally, one of the biggest problems we face, and I think it is something that we are beginning to solve, is our dependency on the federal government. I think it is one of the biggest attitude problems that we ourselves face. It is expressed by our people in a variety of ways. We have been indoctrinated for so many years to feel that we must always have someone else to depend on, someone else to do it for us.³²

³¹ *Ibid.* pp.164-165

³² Riley, Del "*What Canada's Indians Want and the Difficulties of Getting it*" in _____ *Pathways to Self Determination: Canadian Indians and the Canadian State.* Little Bear, Boldt and Long eds. University of Toronto Press. (1984)

Not only have First Nations felt they have been set up as dependent on the Canadian Government, there is a significant amount of distrust in the fact that the Federal Government has had their best interests at heart.

This paradigm can best be described as internal colonialism whereby the greater part of Canada's Indians have been given separate legal status by virtue of an Indian Act, have been subject to special legislative programs and have been settled on specific land areas known as reserves.³³

It is not likely, however, that this colonialism was designed specifically to extract wealth from the First Nations, as the treaty process and the creation of the reserve system facilitated the transfer of land and most of the natural resources from the First Nations.

Long, Little Bear and Boldt explain:

The long range goal of internal colonialism has been assimilation. This policy has been based on the belief that social and economic advancement towards equality with non-Indians, a necessary requisite for successful assimilation, could best be achieved in insulated environments, under the tutelage of the federal government.³⁴

While First Nations in Manitoba have been set up as fundamentally dependent on the Federal Government, there have not been significant resource flows from First Nations to the developed economy. Primarily, the First Nations communities lack significant resources to lure in the interest of "foreign capital". This is not accidental. When the treaty making process began, Federal Government Agents established "reserves" precisely in areas which held little attraction to the influx of European settlers. Resource-

³³ Boldt, Menno "Social Correlates of Nationalism: A Study of Native Indian Leaders in a Canadian Internal Colony." in *Comparative Political Studies*. Xiv 2 (1981) 205-31.

³⁴ Little Bear, Boldt, and Long eds. Pathways to Self-Determination: Canadian Indians and the Canadian State. University of Toronto Press, Toronto (1984)

poor regions, often a considerable distance from urban centers, were set aside for First Nations people.

The transfer of resources from First Nations people to the Government and the rest of Canada, took place over a considerable length of time. The process began when the Hudson's Bay and Northwest Companies set up shop in the "new world". Both companies simply "took ownership" of the land they operated on and around. The First Nations people, at this time, had no concept of land ownership and for this reason, coupled with the burgeoning trade relationship they were developing, facilitated the transfer unknowingly. When the HBC closed its operations, the land that it had controlled was bought and paid for by the Canadian government with little heed to the thousands of First Nations people that lived and sustained themselves on the land.

As soon as non-aboriginal governing structure were in place, policy directives were out into place which denied the First Nations peoples any rights to the land and resources that had sustained them for generations. **The Colonial Land Ordinance** of 1870 specifically prohibited any Indian from claiming a right of land pre-emption.³⁵ This alienation was further entrenched in the **Indian Act (1876)**. Section 70 of the Act reads:

No Indian, or non-treaty Indian, resident of the province of Manitoba, the North-West Territories or the territory of Keewatin... shall be held capable of having acquired or acquiring a homestead or pre-emption right to a quarter section, or any portion of land in

³⁵Notzke, Claudia. Aboriginal Peoples and Natural Resources in Canada. Captus University Publications. North York, Ontario. (1994) p. 2

any surveyed or unsurveyed lands in the said province of Manitoba, the North-West Territories, or the territory of Keewatin, or the right to share in the distribution of any lands allotted to halfbreeds.

The formal treaty process began when increasing numbers of settlers placed considerable strain on the available land base. The treaty process was begun to promote peace and stability in the region and thus preserve its popularity amongst the settlers who were seen as the key to the “development” of the land. First Nations peoples agreed to the treaty process at a time when their negotiation position was weak due to an alarmingly high death rate brought on by the onslaught of European diseases, increasing fear and uncertainty in a time of rapid change, and a desire to make peace and pursue prosperity together with the newcomers, in the belief this would be in the best interest of generations to come.³⁶

Persisting even to this day, government policy has served to facilitate and cement the transfer of resources from First Nations people to the rest of Canada. Legislative devices, such as the Indian Act, the Indian Oil and Gas Act and the regulations made thereunder serve to transfer control, management and ownership of Indian lands and resources to the Department Of Indian Affairs.

This depleted resource base makes the mechanics of self-government even more difficult

³⁶ Morris, Alexander. The Treaties of Canada with The Indians of Manitoba and the Northwest Territories including the Negotiations on which they were based. Fifth House Publishers, Sask. (1991) First printed 1880. pp.59-61, for example

to develop. With no indigenous resource base to turn to for revenue generation, the likelihood of effective self government completely dependent on “good will” government transfers is minimal.

Another significant government policy which facilitated the transfer of natural resources away from First Nations control was the Natural Resource Transfer Act (1930). This piece of federal legislation transferred the Crown’s interest in land and resources to the administration of the Prairie Provinces.³⁷

The Agreement was developed and passed in Parliament without any consideration or consultation with First Nations people. As First Nations people are considered exclusively “federal jurisdiction” this transfer of resources further alienated First Nations people from the resources which had once sustained them. Even today, a deep bitterness and resentment is felt by First Nations with respect to the NRTA. Attempts to negotiate with the Province of Manitoba for resource co-management in areas such as fisheries, minerals and forestry have held little success. The Province, with complete jurisdiction over Natural Resources and no perceived responsibility towards First Nations, have little incentive to negotiate.

³⁷Notzke, *Op.Cit.* p.14

3.2 Convergence Theory

Convergence theory was formulated by C.Y Thomas based on his experiences in economic development within small islands in the Caribbean. The fundamental assumption of the model is that the economy in question has rejected the notion of capitalist development and instead is aiming towards a centrally planned model of socialism.³⁸

The model shares its premises with Dependency Theorists, arguing that the existence of poverty and underdevelopment in much of the third world is due to neo-colonial type development strategies which are fostered by the developed world. Such strategies promote a relationship based on dependency and exploitation and , according to Thomas, act as a real barrier to the possibility of any real economic development.³⁹

According to Thomas, these development patterns are the direct product of the capitalist mode of production, characterized on a world scale by expanding capital, uneven development and systemic inequality.⁴⁰ Markets expand in order to provide cheap raw materials, low wage labour and expanding markets. Although some argue that capitalist

³⁸ Thomas, C.Y. Dependence and Transformation. Monthly Review Press, New York.(1974)

³⁹ Thomas, Op Cit. p.58

⁴⁰ *Ibid.* p.58

expansion will eventually transform the globe into full scale industrial and post industrial type production, the reality has been that the uneven development and the placement of that development process within historical time has led to the establishment and cementation of dependency based on resource extraction and declining terms of trade.

Thomas' solution to breaking this exploitative relationship was to re-orient the local economy. The main goal being to converge the productive capabilities of the given economy with the local demands and needs.

Orthodox theory emphasizes the need for trade when internal economies are too small to employ meaningful economies of scale in goods production. Export commodities are selected on the basis of comparative advantage. The main problem with this, Thomas notes, is that this comparative advantage has been determined through historically established inequities. For example, most developing countries find that their present under-developed state affords them comparative advantage in cheap labour and natural resource extraction based industries such as mining, forestry and agriculture. Prices in these areas tend to be low and volatile downward based on large scale competition. Further, when large transnational companies locate to exploit these assets, they tend to import all value added input products thus creating no linkages.

Further, some economists argue that primary production of natural resources including

agriculture suffer declining terms of trade. This is supported by evidence on the world markets. For example, when the World Bank began encouraging South American Countries to shift their emphasis towards increased cocoa bean production, prices fell dramatically as the world supply grew.

The main goal of the convergence strategy is to ignore the unfavorable conditions of the world market and instead, design commodity production to meet the needs of the local community. Central planning is an essential component to conduct surveys and establish local priorities. Once production is geared to local demands, the second phase of transformation in Thomas' strategy is the convergence of needs with demands.⁴¹

Need as a distributive ideal and production for use, not profit, represent two key theoretical underpinnings of the second phase. The underlying goal is to socialize the production process such that the economy serves the needs of the people who created it.

To achieve this it is necessary to gear policy towards the elimination of inequities fostered through pre-convergence capitalist relations:

...it is necessary to devise ways of planning which will enable a society to minimize the impact of the market.⁴²

⁴¹ *Ibid.* p.250

⁴² Thomas, *Op Cit.* p. 255

Further, Thomas identifies the need for an industrial base beyond basic needs. The state requires the development of a capital base to support local industry, enhance productive capabilities and offset the cost of providing public goods to meet the basic needs of society. To meet these needs, Thomas stresses that economies must emphasize the production of “basic goods” in their development strategies.

Basic goods are defined by Piero Sraffa as:

The criteria is whether a commodity enters (no matter whether directly or indirectly) into the production of all commodities. Those that do we shall call basic, and those that do not, are nonbasic commodities.⁴³

These basic goods will meet two criteria⁴⁴:

1. They will have a high income elasticity of demand
2. Their production will trigger both backward and forward linkages

The production of these basic goods will serve as the industrial base of the economy. Once the economic base is established and local demands are fulfilled there is room within the model to allow for some export of surplus. Revenues obtained from their sale can be used to support domestic industries or to purchase select imports which would then further broaden local productive capacity.

⁴³Thomas, *Op Cit.* p.196

⁴⁴ Thomas, *Op Cit.* p.197

There has been some acceptance of “Convergence-type” theory within First Nations circles and some local economic development planning have incorporated its precepts. However, there has been no broad-based acceptance of this strategy through the Assembly of Manitoba Chiefs.

One of the major shortfalls of convergence in First Nations is that the communities are too small individually to support a separate economic identity. Further, cooperative economic activities across individual First Nations are few and far between. Where such projects do exist, they are often fraught with discontent and instability.

First Nations suppliers are not necessarily preferred by First Nations clients. For example, housing and construction materials make up a large component of First Nations spending. There are a number of First Nations companies which are in operation providing construction materials (Wa-Wa-Taik - Brokenhead First Nation) windows and doors (Little Black River First Nation) and Peguis Cabinetry (Peguis First Nation). However, the contracts they secure outside their home community are limited. Building materials are more typically supplied by McDiarmid Lumber, a non-aboriginal firm which made headlines in 1998 for offering kickbacks to First Nations Chiefs and Council members which included new vehicles, new boats, various trips and other goodies.

Individual First Nations have been unable, despite some recent effort, to put together joint

ventures. For example, the Assembly of Manitoba Chiefs has tried to coordinate pan-first nation business ventures in gaming and pharmaceuticals in 1998. Both times, discussions terminated when it became clear that some First Nations were not willing to work together on a joint initiative because they felt they would receive a more substantial gain if they could go it alone.

3.3 Community Economic Development

Globalization and increasing industrialization have amassed great wealth for some, while for others it has had less beneficial results. Impoverishment, marginalization, and an ever broadening gap between the rich and the poor is a fact of life in both developed and developing countries. The orthodox faith in trickle-down economics has been lost to those who, left at the bottom of society, have given up waiting for this trickle effect to reach their communities.

Community economic development (CED) is a strategy that hitherto marginalized groups have developed and advanced to counter the negative effects of the mainstream economy. Focusing on such things as job creation, local control, empowerment and enriching internal linkages, many communities are working to build their own future, in spite of global trends.

Community economic development (CED) is, as Eric Shragge writes,

... more than anything else, a response to the failure of our advanced capitalist system to meet the basic needs of an increasingly large part of the population through the market, supplemented by Welfare state provisions. The market has not only produced extended periods of unemployment, precarious low wage jobs, and total exclusion for many from the labour market, but as a consequence, has marginalized large population politically and socially.⁴⁵

Community economic development involves local communities taking greater control over their own well being. CED allows community members to play a significant role in determining their economic future. The process of CED is as important, if not more so, than the product. The process of real CED allows community members to develop skills and expertise, as well as systems for control/management of their local economy.

Traditionally, citizens play a passive role as governments take the lead in economic development. CED empowers citizens to work cooperatively and take responsibility for the well being of their own community. This integral process of “social development” has long term benefits to the community.

This process of empowerment through the activity of doing CED is an essential component of the CED process.

Empowerment is a process that occurs both at a personal and at a political level. It is a process that involves changing power relations between individuals, and groups and social institutions. At the same time, it is a process of personal change as individuals take action on their own behalf and then redefine their understanding of the world in which they live....Empowerment implies the struggle for recognition, negotiation for resources, and the legitimation of new forms of economic and social practice.⁴⁶

⁴⁵ Shragge, Eric. Community Economic Development: In Search for Empowerment. Black Rose Books. Montreal. (1997) p.7

⁴⁶ *Ibid*, p.xiii

The overall goal of any community economic development project is to develop, plan and implement a long term approach to local capacity building designed to improve the economic potential of a given community⁴⁷. This area may encompass a physical land area, such as a town, region or a First Nation. The community may also be socially defined with less clear physical boundaries. i.e. a “community” of like minded individuals within a larger physical community.

The planning process is essential, because one of the main components of a successful CED strategy would be the empowerment and control that would come through the planning process once it is in the hands of the people most effected.

Blakely identifies six distinct phases of the CED planning process. Once a “community” has decided to implement the CED model, they would sit down and begin the following process:

⁴⁷ Blakely, Edward. Planning Local Economic Development: Theory and Practice. Sage Publications. Newbury Park (1989).pp.74-75

The Economic Development Planning Process

Phase	Title	Description
I	Data Gathering and Analysis	<ul style="list-style-type: none"> ● determining economic base ● assessing current employment structure ● evaluating employment needs ● SWOT analysis (strengths/weakness/opportunities/threats) ● examining institutional capacity
II	Selecting a local development strategy	<ul style="list-style-type: none"> ● establishing goals and criteria ● determining possible courses of action ● developing a targeted strategy
III	Selecting local development projects	<ul style="list-style-type: none"> ● identifying possible projects ● assessing project viability
IV	Building Action Plans	<ul style="list-style-type: none"> ● pre assessing project outcomes ● developing project inputs ● financial alternatives ● identifying project structures
V	Specifying project details	<ul style="list-style-type: none"> ● conducting detailed feasibility studies ● preparing business plan ● developing, monitoring, and evaluating program
VI	Overall development plan preparation and implementation	<ul style="list-style-type: none"> ● preparing project plan ● implement schedule ● developing an overall development plan ● targeting and marketing community assets ● marketing financial needs

CED has been utilised in both rural and urban contexts. In It's Up to All of Us: A Guide to Community Economic Development in Winnipeg's Inner City, there is a list of ten key criteria to measure the components of the CED workplan. These are:

- I. Use of local goods and services
- II. Production of goods and services for local use
- III. Local re-investment of profits
- IV. Long term employment of local residents
- V. Local skill development
- VI. Local decision-making
- VII. Public health
- VIII. Physical environment
- IX. Neighborhood stability
- X. Human dignity⁴⁸

While this list was established with reference to urban CED, it is applicable in a rural setting as well. All projects identified within a community economic development plan would be weighed against the criteria to ensure overall suitability and coherence.

Obviously, CED is not a short term or quick fix solution. It requires a great deal of time,

⁴⁸Winnipeg Native Family Economic Development Inc. It's Up to All of Us: A Guide to Community Economic Development in Winnipeg's Inner City. February 1993.

planning and commitment from the community involved. As such, short term funding of small disjointed projects is not conducive to the CED process. In order for long term planning to be successful, communities require stability in terms of support, both financial and otherwise. For this reason, it is important that CED projects aim to minimize dependency on government financing as much as possible.⁴⁹ Successful CED:

- sees an entire community as economically disadvantaged, not just individual residents
- works to improve the local environment for business - the skills, attitudes, organizations, and services which support business investment and operations
- encourages the creation of jobs and business which improve local productivity and supply local needs
- fights government and corporate policies which drain distressed areas of their capital and resources for purposes of re-investment elsewhere.
- creates local businesses and institutions which keep cash and capital from leaking away from the community
- supports the growth of community and privately owned enterprises which promote local investment, employment and training.⁵⁰

CED requires a strong commitment from the grassroots in the planning and implementation process. Through its practice, community members are able to coordinate and mobilize available resources (human, financial, infrastructure etc.) within the CED plan. CED requires a more holistic mind frame than orthodox development. Its goals are far broader than mere profit generation and simple economic growth. CED aims to develop a comprehensive economic base which sees human development and

⁴⁹ Westcoast Development Group Development Corporation Basics:A Workbook. Native edition. The Westcoast Series on Community Economic Development;(1991) p.8

⁵⁰ *Ibid.* p.10

quality of human life as an essential component. Orthodox economic development views these as “spin off benefits’ which will “trickle down” to the masses, once growth stabilizes at a desired rate.

In the past, some CED projects have been triggered and/or led by individuals from outside a given community, for example, government workers. However, to be consistent with its own principles CED is best advocated, promoted and supported through the efforts of the grassroots. “Experts” may get involved in the process only at the request of the community with their primary role the coordination and facilitation of local efforts with technical support as required. **Participatory Action Research** advocates for a similar model of leadership and control. First and foremost, CED that is based in Participatory Action Research methodology must be led and directed by “insiders” to ensure local control and adherence to the “local agenda”. Real community ownership and control over the process is essential.⁵¹

Secondly, a key word in Participatory Action Research (PAR) is action. Action is the key thrust behind PAR, such that any research efforts undertaken are done so in order to trigger an action which will bring tangible benefits to its proponents. Community members themselves may do the actual research and analysis required, or an “expert”

⁵¹ Barnsley, J. & Ellis, D. “Research for Change: Participatory Action Research for Community Groups.” The Women’s Research Center. Vancouver, B.C. (1992)

may be brought in for assistance. These “experts” must be committed to cooperation with the PAR process and use their role to facilitate learning and maximize the participation of the grassroots wherever possible. The end product, as well as the overall process, must be both “owned” and “controlled” by the community.⁵²

For PAR to be effective and meaningful, it is essential that it is conducted in language and terms that are accessible to all community members, not just a select few. Further, the decision-making process must be clear and accessible to all participants. PAR is often hailed as invaluable, especially by academics and researchers, to rural development schemes. However, it must always be noted that the most successful PAR and CED will take place with minimal involvement by outsiders.

One of the difficulties of the CED model, as noted by John Loxley, involves the often inherent assumption as to the homogeneity of a given community.⁵³ Communities, especially First Nations communities are far from homogenous. Communities are made up of people with a broad range of backgrounds, interests, education, class etcetera.

Further, as Loxley notes:

In addition to failing to address the questions of social differentiation and heterogeneity **within** communities, much of the CD literature does not come to terms with the nature of the structures within communities through which outside authorities wield economic and

⁵² *Ibid.* p.11

⁵³ Loxley, John. The Economics of Community Development. A Report prepared for the Native Economic Development Program. January 1986. p.8

political power. Thus while recognizing that community development may involve the re-distribution of power, some writers see this in terms of power being shifted towards the community, and away from outside "authorities". In reality, however, the authorities tend to exercise their powers through agents residing within the community.⁵⁴

This is particularly true, Loxley notes, with respect to First Nations communities. With the onset of the treaties and the Indian Act, First Nations governments (chiefs and councils) were set up on-reserve to manage local affairs. Chiefs and Councils are paid by the government, to, in large, administer federal government programs and policies. In fact, as local governments, the Chiefs and Councils of First Nations communities are more accountable to the federal government, through the Department of Indian and Northern Affairs, than they are to their own communities.

Yearly audits are submitted to the department which detail band expenditures. Unless these audits are approved, band support funding, which makes up one hundred percent of band revenues in the majority of communities, will cease. Only very rarely are these audits ever available to community members.

This anomaly has led to a great deal of protest and discontent amongst Manitoba First Nations members, particularly women, who find themselves excluded from the realm of First Nations politics. Of the sixty four First Nations in the province, only three have female chiefs. A small fraction of council members are female.

⁵⁴ Loxley, *Op Cite*. p.6

The First Nations Accountability Coalition, headed by Sandy Bay band member Leona Freed, is a movement which has spread across western Canada and has garnered a strange ally in the Reform Party of Canada. Made up largely of women, the coalition has organized rallies, workshops and media campaigns to highlight the gross lack of accountability the current First Nations government regime has to its own citizens. Its prime concerns include mis-spending, kick backs and bribery, nepotism and overall corruption of reserve politics. The Coalition is concerned that the Department facilitates the corruption by its reporting arrangements and apparent compliance to the hegemony of the Chiefs.

Community economic development, then, may be a tool used by those with power in a given community to facilitate their own interests and not the overall interests of the grassroots. Unless the process identifies this potential danger, the whole CED process is at a serious risk for “maintaining status quo” rather than facilitating real change and community development.⁵⁵

The following table summarizes the practical experience of two CED researchers working within the developing world. The overall goal of the CED process is more than simply economic development. Rather, in order to be truly sustainable, CED must facilitate human and social development as part of the process.

⁵⁵ Op. Cit. p.7

To sustain themselves in the face of future disruptions in their local economies (drought, poverty, dependency and rising unemployment levels) MTDT and KDT engaged in a process of self-awareness, reflection, and empowerment with a view to mobilizing the local community to take social, economic, and political leadership into their own hands.....

...the efforts to developed marginalized communities in developing countries do not only focus on economic development but must, of necessity, be accompanied by social, political, personal and education empowerment; these are the means of production so to speak.⁵⁶

Framework for Integrated Community Economic Development

Motivational Factor	Sustaining Factor	Strategies
Community reliance and responsibility	<p>Strong dedicated leadership within the community</p> <p>Effective/<i>inclusive</i> decision-making</p> <p>Shared power and Administrative duties</p> <p>Open to all residents</p>	<p>Capacity building</p> <p>Community outreach</p> <p>Informal networking</p> <p>Community-based approach</p>
Economic Security	<p>Local initiatives/resources</p> <p>Appropriate technologies</p> <p>Projects managed by locals</p> <p>Partnerships/Financial Technical assistance from local and international NGOs</p>	<p>Community mobilization</p> <p>Education and training</p> <p>Collaboration</p>

⁵⁶K. Nthomang and M. Rankopo "Integrated Community Economic Development in Botswana: Experiences from the Margins." in Shragge, Eric ed. Community Economic Development: In Search of Empowerment, Black Rose Books, Montreal. (1997) p.224

<p>Social Mobilization</p>	<p>Instilled trust and obligation</p> <p>Shared knowledge</p> <p>Shared communal values</p>	<p>Consensus building</p> <p>Participation</p> <p>Local problem definition</p> <p>Entrepreneurship</p> <p>Self-reliance</p> <p>Mutual aid</p>
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The federal government has appeared to pay some attention to the CED model and has attempted to implement watered down versions. The Canadian Aboriginal Economic Development Strategy was implemented in 1989, following a consultation with First Nations leaders.⁵⁸ One of the main components of the strategy was the **Community Economic Development Program**. The departmental literature reads:

Community Economic Development (CED) is a relatively new way of looking at economic development. It is a bottom-up (community-controlled) process of local and regional revitalization that makes the community the foremost player in its own growth and renewal. CED clarifies needs and helps individuals gain access to government resources to meet those needs.⁵⁹

Directed and controlled by the Department of Indian and Northern Affairs Canada (INAC), the Community Economic Development Program consisted of two components.

⁵⁷K. Nthomang and M. Rankopo "Integrated Community Economic Development in Botswana: Experiences from the Margins." in Shragge, Eric ed. Community Economic Development: In Search of Empowerment, Black Rose Books, Montreal. (1997)

⁵⁸ Indian and Northern Affairs Canada. Community Economic Development Program: Status Report 1992-3. Minister of Public Works and Government Services Canada (1994)

⁵⁹*loc.cit.*

1. Community economic development organizations

2. Regional Opportunities Program

A more complete analysis of CAEDS and the Community Economic Development Program will be offered later. It will suffice to say that Loxley's concerns with respect to the hierarchical nature of First Nations communities were not addressed. The INAC attempt to implement CED in First Nations resulted in little more than entrenchment of the existing status quo and subsequent inequities, while little measurable success was obtained either in terms of raw economic development or growth or social development and/or empowerment. In 1994, the Aboriginal CAEDS Assessment Project found that while, in general, First Nations are reluctant to be critical of a program that did bring some money into the community, little if any measurable changes were due to the program.⁶⁰

3.5 Harvard Model

The Harvard Model is essentially a practical application of the research and findings of two academics, Stephen Cornell and Joseph Kalt, who have worked for more than two decades on First Nations economic development. This model represents an application of neo-classical economics obvious through a heavy reliance on market forces to facilitate the development process. At the same time, the model acknowledges the uniqueness of

⁶⁰ Aboriginal CAEDS Assessment Project. An Aboriginal Community Perspective of the Canadian Aboriginal Economic Development Strategy. (Feb.1994)

First Nations' circumstances and emphasizes their need for developmental supports.

The fundamental problem, noted by Cornell and Kalt, is that government policies have tended to pervert economic incentives and create more poverty and inequality than they have resolved.

Stephen Cornell and Joseph Kalt, working out of Harvard University, conducted a great deal of research on the factors leading to successful economic development on Indian reservations in the United States. As part of this, they developed a list of some of the primary barriers to development across First Nations in the United States. These include:

- I. Tribes and individuals lack access to financial capital**
- II. Tribes and individuals lack human capital (education, skills and technical expertise) and the means to develop it.**
- III. Reservations lack effective planning**
- IV. Reservations are subject to too much planning and not enough action.**
- V. Reservations are poor in natural resources.**
- VI. Reservations have natural resources but lack sufficient control over them.**
- VII. Reservations are disadvantaged by their distance from markets and the high cost of transportation.**
- VIII. Tribes cannot persuade investors to locate on-reservations because of intense competition from non-Indian communities.**
- IX. Federal and state policies are counter-productive and/or discriminatory.**
- X. The Bureau of Indian Affairs is inept, corrupt and/or uninterested in reservation development.**
- XI. Non-Indian outsiders control or confound tribal decision making.**
- XII. Tribes have unworkable and/or externally imposed systems of government.**
- XIII. Tribal politicians are inept and/or corrupt.**
- XIV. On-reservation factionalism destroys stability in tribal decision-making.**
- XV. The instability of tribal governments keep outsiders from investing.**
- XVI. Reservation savings rates are low.**

- XVII. Entrepreneurial skills and experience are scarce.
- XVIII. Non-Indian management techniques won't work on the reservation.
- XIX. Non-Indian management techniques will work, but are absent.
- XX. Tribal cultures get in the way.
- XXI. The long term effects of racism have undermined tribal self confidence.
- XXII. Alcoholism and other social problems are destroying tribes' human capital.⁶¹

These barriers may not all be present in every community, but in general, these are the types of problems that First Nations communities face as they try to pursue economic development activities. While there are significant differences between the American and Canadian systems many of these barriers pose the same problems to First Nations Communities in Canada. A list of barriers developed by the Assembly of Manitoba Chiefs Working Group on Economic Development echo similar concerns.

1. First Nations peoples self-confidence, responsibility and self-esteem have been eroded over the years resulting in a systemically dependent society.
2. First Nations lack sufficient human capital assets (education, skills, technical expertise) and the means to build it effectively.
3. Most First Nations lack effective planning for community development and most of First Nations institutions do not undertake any long term strategic planning.
4. First Nations have limited access to the equity and financial capital that is essential for business and employment growth in First Nations communities.
5. First Nations institutions, although they may have strong governance policies, generally do not implement them.

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Cornell, S. & Kalt, J. "Reloading the Dice: Improving the Chances for Economic Development in Indian Reservations." pp.1-59 in Cornell and Kalt eds. What Can Tribes Do? Strategies and Institutions in American Indian Economic Development. American Indian Studies Center, UCLA. (1995)

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6. **Manitoba First Nations are poor in natural resources, marginal in size and are generally not strategically located to capitalize on the present economy.**
 7. **First Nations communities are distant from major urban markets.**
 8. **Entrepreneurial skills and experience are extremely scarce in First Nations communities.**
 9. **First Nations lack policy formation capacity in areas that affect their daily lives.**
 10. **Lack of a forum and will for sharing knowledge and experience in economic development ventures.**
 11. **First Nations communities that experience continuous change in leadership every two to four years tend to be less developed in human and financial capital.⁶²**

This list of barriers alone, however, provides few clues to real policy ingredients required for meaningful change. Some contradict each other and different ones play roles of different importance in different communities. The approach of Cornell and Kalt was not to focus on these barriers, but rather, to analyse the conditions of successful economic development in order to determine the main factors which worked together to achieve success.

The Harvard Project on American Indian Development, conducted through the John F.

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Manitoba First Nations Economic Development Strategy Committee, "Manitoba First Nations Economic Development Strategy" DRAFT, Assembly of Manitoba Chiefs (October 7, 1997)

Kennedy Center for Government has conducted a significant amount of empirical research on factors which contribute to success on First Nations. Based on their studies, three primary ingredients for development⁶³ are:

1.0 External Opportunity

External opportunity refers to the political, economic and geographic contexts in which First Nations are located and their relationships with the rest of society.

Critical factors include:

- 1.1 Political Sovereignty:* the extent to which a First Nation has control over decision making on-reserve and on its people regardless of their location. This is especially important with respect to control over natural resources. Research has indicated that higher degrees of sovereignty are positively correlated with higher rates of economic development.
- The reason why tribal sovereignty is so crucial to successful economic development is clear. As long as the BIA or some other outside organization carries primary responsibility for economic conditions on Indian Reservations, development decisions will

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Cornell, S. & Kalt, J. "Reloading the Dice: Improving the Chances for Economic Development in Indian Reservations." pp.1-59 in Cornell and Kalt eds. What Can Tribes Do? Strategies and Institutions in American Indian Economic Development. American Indian Studies Center, UCLA. (1995)

tend to reflect outsiders' agendas.⁶⁴

In Canada, the issue of sovereignty is front and center with respect to a range of self-government initiatives which are currently taking place. The Manitoba Framework Agreement (MFA) is currently in place to develop an effective model for self-government. The issue of sovereignty is an important component of on-going negotiations⁶⁵. Cornell and Kalt point out that:

The legal and de facto sovereignty of tribes has been subject to constant challenge and it is frequently asserted that if tribes wish to be sovereign they must first establish sound, non-dependent economies. Our research indicates that, for two basic reasons, this reasoning is backwards. First as we have said, sovereignty brings with it accountability. Those whose resources and well being are at stake are the ones in charge. Without this accountability,...sustainable development on reservations was virtually non-existent. Second, the sovereign status of tribes offers distinct legal and economic market opportunities, from reduced tax and regulatory burdens for industry to unique niches for gaming and the commercial use of wildlife.⁶⁶

1.2 Market Opportunity: First Nations with special niches in local, regional or national markets are better able to exploit these opportunities and turn them into successful economic development ventures. These

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Cornell, Stephen and Kalt, Joseph. Reloading the Dice: Improving Chances for Economic Development on American Indian Reservations. Harvard Project on American Indian Economic Development. John F. Kennedy School of Government. (March 1992) p.14

⁶⁵ FAI

⁶⁶ Cornell and Kalt, *Op. Cit.* p.15

opportunities, Cornell and Kalt point out, can be intrinsic, i.e. they could include particular band assets such as minerals, craft traditions and/or tourist attractions, or they may be extrinsic, i.e. developed through supportive federal policies in such areas as gaming, wildlife, tax treatment etc.

1.3 *Access to Financial Capital:* The ability of a First Nation to access investment dollars is crucial to assure economic development opportunities can be realised. Financial capital may be realised through targeted government programming or through the private sector. Key factors to ensure access would include political stability, favourable tax policies, private sector knowledge and experience.

1.4 *Distance from Markets:* The greater the distance between First Nations communities and the economic marketplace, the greater the cost involved. Accordingly, more remote communities have much greater difficulty developing economically.

2.0 Internal Assets

This refers to the assets of the First Nations themselves and their ability to utilise these assets for economic development. These include:

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- 2.1 *Natural Resources:* These include minerals, water, timber, fish, wildlife, scenery, fertile land etc. The existence of these natural resources does not guarantee economic success but it does increase its likelihood. In Canada, the level of natural resources on-reserve varies significantly from community to community. The recent Delgamukw has raised the issue of actual reserve boundaries vs. traditional territories (which would be significantly larger). According to the decision of Delgamukw, natural resources located on traditional territories can be controlled by First Nations interests provided that they are utilised for traditional purposes only.
- 2.2 *Human Capital:* This refers to the levels of education, skills, knowledge and expertise of the labour force. In most First Nations, these are considerably lower than the rest of society. In Canada, 2/3 of the First Nation population has not completed high school and less than 3% have completed any post-secondary training. As compared to the American model, Canadian First Nations people have significantly greater access to education and training opportunities as these costs are subsidized through the Federal Government up to 100%. Yet this increased access has realized few benefits. This issue will be examined later.
- 2.3 *Institutions of Governance:* Research by Cornell and Kalt have identified

Institutions of Governance as one of the most important factors in successful economic development. Not only must these government institutions have some degree of sovereignty to be effective, but their structure and dynamic must be legitimized in the minds of the general First Nations public. A fundamental problem in both the United States and Canada is that both Federal Governments have imposed external systems of First Nations government on Indian communities. These systems are foreign to the people and their culture and as such do not “fit” with the beliefs and traditions of the people. Effective institutions are necessary in order to provide the stable environment required to attract and sustain investment in both the short and long run.

3.0 A Development Strategy

The development strategy refers to the overall plan and approach a First Nation decides to take with respect to economic development. This will incorporate a number of things, including:

3.1 *Overall economic system:* This involves the organization of the reserve economy. Choices could include private vs. public ownership of on-reserve business, non-Indian investment and/or entrepreneurship, or a heavy reliance on federally sponsored programming. Economic

development on-reserve is most likely to be successful when the overall organization of the reserve economy is consistent with traditional and/or culturally appropriate practices.

3.2 *Choice of Development activities:* Once a reserve has in place a legitimated government with real sovereignty, it is important to determine what type of development activity would best fit the available resources, market opportunities and local comparative advantages. Examples of the range of economic projects on-reserve include gaming operations, hotels/resorts, manufacturing plants, oil/gas extraction, timber production and convenience stores/gas bars.⁶⁷

First Nations have been in North America long before the continent was divided into two separate countries. As such, some tribes are spread across Canada and the United States. There are both similarities and differences in the ways that the respective governments have treated the Indigenous peoples. Most importantly, both created a system of reserves (termed "reservations" in the United States), and fundamentally, the problems of poverty and under-development are primary on both sides of the border.

The Harvard model, therefore would hold considerable value to the Canadian experience.

⁶⁷ *Ibid.* p.15

Its primary findings as to the foundations of economic development, therefore, should have been utilized in Canadian policy development. Cornell and Kalt found that of all the above factors which increased the likelihood of successful economic development, the two crucial factors were sovereignty and level of cultural legitimacy in local government forms.⁶⁸ Accordingly, in the assessment of Economic development policy in Canada, overall consistency with the principals expounded by Cornell and Kalt, especially the issue of sovereignty and legitimized government, shall be explored.

3.5 Neo-Classical Economic Modeling

There are four principles which make up the basis of any neo-classical modeling.⁶⁹

These are:

1. The central role of **maximising behaviour** on the part of economic agents - individuals, households and firms - subject to well defined technological and budget constraints
2. **Methodological individualism**: economic choices are made by individuals, acting in their own individual interest.
3. **Substitutability**: Economic choices are made from a wide range of commodities, including work, leisure, employment options etc.
4. **Tendency of all markets to clear**, reach equilibrium, without assistance.

⁶⁸ Cornell and Kalt. Where's the Glue? Institutional Bases of American Indian Economic Development. Harvard Project on American Indian Economic Development. February (1991) p.21

⁶⁹ J.E. King. Labour Economics. Second Edition. McMillan Books ; London, England (1990) pp.2-3

The core argument for neo-classical economics is the belief, based on the above principles, that the market is the most efficient means to promote productivity through economic competition.⁷⁰ Increased productivity will generate the required economic growth. Accordingly, the best economic policies of any government are those which take a laissez-faire approach. They let the markets work their magic with as little interference as possible. Markets are able to provide an allocation function which is considered more efficient than any human alternative. If the state were to attempt to allocate goods, services, and factors of production it would be very expensive, less flexible, and potentially undemocratic.

The “invisible hand” of the market operates automatically and therefore requires no costly bureaucracy, it is highly responsive and ideally, disperses economic power through perfectly competitive equilibrium.⁷¹ This, of course, is based on pure theoretical modeling. Economic realities have proven that the ideal conditions of neo-classical economics are simply not present within the functioning economy.

Still, the majority of the governments in the developed world hold up the tenets of neo-classical economics as the theoretical foundations of government economic policy. This

⁷⁰ Gillis, Perkins, Roemer and Snodgrass. Economics of Development. Third Edition. W.W. Norton and Company; New York. (1992)

⁷¹ *Ibid.* p.102

persists throughout the discipline of development economics, particularly where the developed economies seek, through international organizations such as the International Monetary Fund (IMF) or the World Bank (WB) to “develop” the less industrialized countries of the world.

Neo-classical economic models, which emphasize the role of the markets in development represent the mainstream not only in development economics but in the economic management of the developed world as well. Canada, as part of the developed world, premises its economic policies on neo-classical principles. This is regardless of whether the policies are targeting First Nations communities or the economic mainstream. Thus when one examines the policies of Industry Canada, for example, it becomes clear that the government is whole heartedly committed to the free market process and aims the bulk of its policy efforts at eliminating barriers to free market activity such as subsidies, large bureaucracies, and economic dis-incentives such as taxes, organized labour and excessive government regulation.

The widespread application of neo-classical economic principles to First Nations communities vis a vis government policies designed from the perspective of the economic mainstream has played a significant role in the failure of these policies to generate much sustainable economic activity.

Government policies designed for the economic development of First Nations, whether they are implemented through Indian and Northern Affairs Canada (INAC), Industry Canada (IC) or Human Resources Development Canada (HRDC) are premised on the aforementioned principles of economics without any accounting for the unique circumstances of First Nations set up through a combination of early policy, the Indian Act, and diverse aboriginal cultures.

For example, the methodological individualism which serves as the foundation of the market economy, is not so prevalent in First Nations communities as might be the case elsewhere. There is considerable literature which identifies the collectivist principles of traditional aboriginal cultures⁷², although this tendency would tend to vary across aboriginal cultures. Even more concerning, however, is the undeniable reality that the Federal Government has set up the reserve system on almost exclusively collectivist principles whereas individuals cannot be land owners and hence face considerable barriers to market participation on an individual basis. Further, as will be discussed later, federal programs for economic development tend to favour the band, as a collective, over the individual in terms of access to capital and technical supports.

The organization of First Nations government counter-indicates the principles of neo-

⁷²Anderson, Robert Brent. Economic Development among the Aboriginal Peoples in Canada. Captus Press, York University Campus, Ontario (1999) p.2

classical modeling. On-reserve, Chief and Councils hold very strong controls over the local economies. Through their control over money, resources, land and even programs they can and do create the “bureaucratic” structures which hamper free market development. Further Indian Act government forms tend to promote overall political instability through frequent elections and culturally inappropriate leadership. Indeed, the majority of the institutional structures on-reserve have been deliberately established by the federal government through the Indian Act, yet fail to meet the basic criteria for free market operation. In fact, reserve governments would tend to meet most, if not all, the neo-classical critiques of collectivist governments.⁷³ Politically, reserves are set up as collectivist, while economic development policies are premised on market-based growth.

3.6 Aboriginal Development Models

Aboriginal development activities have taken place across Canada, the United States, Mexico, across South America and into New Zealand and Australia and elsewhere. This significant body of experience has led to the development of a tentative alternative model which purports an aboriginal bias. According to John Friedmann (1992) grassroots alternatives arose out of the failure of conventional development models to alleviate the poverty and inequality of the people in under-developed areas across the world.⁷⁴

⁷³ Gillis et al. *Op Cite*. pp..110-111

⁷⁴Freidmann, John. Empowerment: The Politics of Alternative Development. Cambridge, MA. (1992)

Working out of this tradition, Robert Brent Anderson advocates the Contingency Model as the relevant framework for aboriginal economic development. With its foundations in regulation theory, the contingency model adopts five key concepts.

The Contingency Model

5. Communities, regions and nations are all part of the global economy and must accommodate themselves to its dominant regime of accumulation.
6. The nature of this accommodation with the global economy(mode of development) can reflect the needs and objectives of particular developing people/region.
7. The potential exists for negotiation of mutually beneficial arrangements (as part of the mode of development) between the leaders of a developing region and those who control the global economy.
8. An active civil sector capable of articulating the needs of their people and a leadership capable of developing strategies and negotiating arrangements necessary to address those needs, are essential to the creation of a mode of development that will deliver benefits beyond elites to the general population.
9. Supralocal regulatory mechanisms necessary to coordinate activities of developing regions and peoples and reduce destructive competition among them.⁷⁵

The fundamental concern of the contingency perspective, and other alternative indigenous approaches, is in the design of an interaction with the global capitalist regime which will increase the likelihood that the needs of the grassroots within the community will be met⁷⁶.

The underlying premise is that economic development is “contingent” on the specific set of circumstances in which it finds itself at any given time. Accordingly, conventional economic modeling can do little to predict or facilitate real economic development because the circumstances which shaped the development activities of the past are no

⁷⁵ Anderson, R.B. Economic Development among the Aboriginal Peoples in Canada: The Hope for the Future. Captus Press, York University Campus. (1999) pp.52-55

⁷⁶ *Ibid.* pp.52-55

longer relevant.

Anderson identifies a number of common themes of aboriginal economic development and weighs them against the contingency framework. His central claim is the aboriginal approaches which include working collectively, forming alliances and partnerships and stressing capacity building are all consistent with contingency and therefore likely to be successful.

There are a number of immediate problems with Anderson's approach. Contingency as a tool for analysis makes a great deal of sense. Circumstances which led to the rapid development of the Asian economy were regionally specific and would be difficult if not impossible to replicate elsewhere. However, claiming that an open acceptance of this "contingency" principle opens up the possibility of successful strategies in partnership with global capital seems somewhat naive.

The fourth tenet of the Contingency model identifies the possibility for alliance with those who control the global economy. Identifying individuals or even individual companies which control the global economy would be impossible, for it is not within the realm of individual, corporate or even national controls. Global capitalism has long proven itself to be beyond individual human will. Rather it is a complex and historically rooted process tied to Adam Smith's "Invisible Hand".

Finally, to support his theory, Anderson looks to the experience of Saskatchewan First Nations and attempts to extrapolate their success. This approach does not account for the idiosyncratic and temporal nature of his "evidence". One of his key examples is the Meadow Lake Tribal Council whose success, Anderson claims, is evidence of a) the aboriginal propensity for collective ownership and b) the aboriginal propensity for partnership and alliance development.

Collective Ownership

Despite Anderson's consistent claim of the aboriginal propensity for collective ownership, there is a significant body of evidence which would suggest that there is no overall preference for collectivity. First Nations are extremely diverse and adaptive. While some may prefer collective ownership, other First Nations have found the traditional critiques against such approaches to be equally valid. In Manitoba, for example, there are few examples of successful collective ventures. However, there are structural reasons why this approach seems commonplace in Saskatchewan and elsewhere.

First and foremost, it is crucial to note that the majority of First Nations capital flows from the government to the band, not to individuals. In general, individual First Nations members lack the access to capital required to start even small businesses. Secondly, the government organizations which have been established to assist with economic development for First Nations appear to have a preference for dealing with band projects. For example, the INAC Opportunities Fund, which provides matching capital grants for eligible First Nations businesses requires the support of Chief and Council of the community in question before it will approve any grant. As well, First Nations Chiefs carry considerable more political clout and hence lobbying power when dealing with the bureaucracies of Indian Affairs, Industry Canada, the Province, etc. Using this political clout, Chiefs are able to secure start-up capital and are more likely to access on-going financial assistance (subsidization) when business operations begin to falter.

Secondly, it should be noted that the collective successes of Meadow Lake Tribal Council are based on its own unique circumstances. Meadow Lake has a unique co-management agreement with the Province of Saskatchewan for forestry rights within their territory. This agreement is not accessible by individual First Nations and hence serves as the

“glue” for their collective arrangement.⁷⁷ In partnership with a Japanese firm, MLTC has been able to generate significant profits which are used to finance further MLTC projects.

This does support the “contingency” notion of economic development and serves as a testament of the ability of the MLTC to negotiate a beneficial agreement with the Province of Saskatchewan. Manitoba, however, has refused to discuss forestry co-management with Manitoba First Nations, Tribal Councils or the Assembly of Manitoba Chiefs.

⁷⁷**Based on an interview with the former Associate Regional Director (western region) of Aboriginal Business Canada.**

4.0 FEDERAL POLICIES FOR FIRST NATIONS ECONOMIC DEVELOPMENT

4.1 HISTORICAL BACKGROUND

The reserve system was set up in Manitoba, as it was elsewhere in Canada, with the treaty process. Representatives of the Crown would negotiate with First Nations groups and designate portions of territory, usually within the areas they traditionally occupied, for their exclusive use in return for agreement to hand over the rest of their traditional lands. These lands, designated “reserves” would not be owned by the First Nations themselves, rather, they were held by the Crown.

With the creation of the reserves, it was generally understood at the time that traditional livelihood strategies would no longer be sufficient for the First Nations people. Hunting, trapping and gathering activities had taken typical Indian bands over hundreds and thousands of acres of land, depending on the season, within any given year. Now, with limited territory available, it became clear that a more sedentary lifestyle would be required and the treaty process sought to facilitate this as well.

The crown held the view that agriculture, just as it lured thousands of Europeans into Canada, would be the ideal industry to sustain First Nations peoples on reserve. Further, the First Nations people themselves, as they saw their traditional livelihood strategies rendered useless by over-hunting, land transfer and a burgeoning European presence, saw agriculture as an alternative for self-sufficiency in changing times..

We heard our lands were sold and we did not like it; we don't want to sell our lands; it is our property and no one has a right to sell them. Our country is getting ruined of fur-bearing animals, hitherto our sole support, and now we are poor and want help - we want you to pity us. We want cattle, tools, agricultural implements and assistance in everything when we come to settle - our country is no longer able to support us.⁷⁸

As Buckley notes, the terms of the treaties across western Canada were pretty much the same, they included: a grant of land, the Queen's protection, a small per capita annuity (with higher accounts for chiefs and councillors) and basic farming tools, namely: two hoes, one spade and one scythe for each farming family; one plough for every ten families; five harrows for every twenty families; and for each band - one axe, three saws, files, a grindstone, an auger, carpenter's tools, seed, one yoke of oxen, one bull and four cows.⁷⁹

Even at the time, these provisions were by no means generous. Instead, they reflected the desire of the government to minimize obligations to First Nations while at the same time, securing the peaceful relations required to ensure swift settlement and establishment of the new Canadian economy.⁸⁰

⁷⁸ Quote from Cree Chief Sweetgrass in Buckley, Helen. From Wooden Ploughs to Welfare: Why Indian Policy Failed in the Prairie Provinces. McGill - Queen's University Press; (1992) p.33

⁷⁹Buckley, Helen. From Wooden Ploughs to Welfare: Why Indian Policy Failed in the Prairie Provinces. McGill - Queen's University Press; (1992) p.34-35

⁸⁰*Ibid.* p.34-35

Despite the obviously unfavorable terms for First Nations people in Western Canada, the Treaty process went through, largely owing to the weakness of the First Nations economy at the time, with the collapse of the fur trade, a recent large influx of European settlers and their communicable diseases which nearly decimated the prairie Indian population, and the overall vagueness and lack of clarity involved within the process itself.

This weakness however, did not render First Nations peoples as complete victims within the treaty making process. They were well aware of what was going on around them and the consequences involved. Accordingly, they did their best to negotiate to the best of their abilities given the fact that they knew they were starting off from a weak position and could not fully anticipate what the future would look like in such a dramatically changing world.

Sarah Carter notes that:

The Indians of the Northwest were anxious to negotiate treaties as a means of ensuring their economic security in face of a very uncertain future. Early on they adapted the strategy and goal that any arrangement for their land had to involve assistance in developing an agricultural base.

....Once negotiations were under way, the Indians were responsible for the introduction of terms which provided for an alternative subsistence base. The government initially had intended to offer only reserves and annuities. In Treaties One and Two the government's terms were rejected by the Indians, who demanded implements and farm animals.⁸¹

Early agriculture policy on-reserve played a small role within a larger policy framework

⁸¹ Carter, Sarah. Lost Harvests: Prairie Indian Reserve Farmers and Government Policy. McGill-Queen's University Press (1990) pp. 55-56

for dealing with First Nations people and settling them into the reserve system. The main policy goal, beyond economic development, was the civilizing of a people that were largely viewed as inferior. This overriding policy goal was set up within a larger plan which involved missions, residential schools, farm instructors and a large team of civil servants, including “Indian agents” who all set out to absorb First Nations people into the mainstream economy.⁸²

It was this overriding belief that the Indian people were backward and inferior, held by key government officials that led to the establishment of policies which not only did not facilitate development, but entrenched dependency and poverty into the First Nations communities.

One of the early architects of Indian policy for the federal government was Hayter Reed. Beginning his civil service career as an Indian Agent, Reed’s beliefs and approaches led to his bureaucratic rise to Deputy Superintendent General of Indian Affairs in 1893. Reed held a firm belief in the inferiority of the people with whom he was hired to conduct affairs for. He likened them to children and believed it was government responsibility to manage the affairs of the “ignorant savages”.⁸³

⁸²Buckley Op. Cit. p.39

⁸³ Carter, Sarah. Lost Harvests: Prairie Indian Reserve Farmers and Government Policy. McGill-Queen’s University Press; (1990) pp.142-143.

In an address given in the 1890's, Reed expressed the view that the Indian's poverty and distress had nothing to do with broken treaty promises, a lack of implements and oxen, or any other "imaginary" injustice. He saw the Indian's propensity to blame the government for their misfortunes as simply a campaign to avoid work while still being fed. Reed claimed that the Indians' problem was a moral one - the Indians were "parasites," living off the work of others - and the cure lay in the reform of the characters and tribal society.⁸⁴

Under Reed's leadership, the role of Indian Agent was solidified as a paternalistic dictator who should readily utilise his power and control within the Indian reserves to forcibly change Indian character and culture.

Such underlying beliefs could not lead to economic development policies which would actually benefit Indians or encourage real economic development in their communities.

In the late 1880's Reed was responsible for introducing a new agricultural policy on-reserve which effectively quashed the most successful First Nations farmers at the time while ensuring that new farming ventures on-reserve would never compete with the growing agricultural enterprises in the non-aboriginal communities.

Reed devised a policy to limit on-reserve farms to forty acres, while early settlers were allotted a minimum of quarter section (160 acres) farms to get started in farming.

Further, while the settler farmers were intensifying profit yielding grain crops, the then Superintendent Reed preferred First Nations farmers to plant root crops whose labour

⁸⁴ *Ibid.* p.144

intensive cultivation he felt would teach the Indian farmers diligence and attentiveness.⁸⁵

Without adequately sized farms, First Nations producers could aspire to no more than peasant agriculture.

Further, the 1890's brought even more restrictions to First Nations farming, most notably, the introduction of the permit system. The permit system, by which Indians required a permit from the local Indian agent to either purchase or sell goods, effectively eliminated the single greatest incentive to any economic activity on-reserve or anywhere - money. Indian farmers would now be paid with "Chits" for their produce which could be exchanged for goods only at the local store.⁸⁶

The permit system afforded the Indian agents a great deal of authority and power on the reserve and there are numerous historical accounts of the agents using this authority as a device for control. If there was a band member the agent did not like, or a transaction he did not approve of for any reason, he could deny or delay a permit indefinitely.⁸⁷ While there were cases of individual Indian farmers who did achieve some measure of success, they were usually individuals selected by the Indian Agents for their "whiteness" or "progressiveness". Individual Indians were also rewarded for loyalty during some of the

⁸⁵ Buckley, *Op Cit.* pp.52-53

⁸⁶ *Ibid* p.54

⁸⁷ *Ibid.* p.54

turbulent uprisings that occurred before the turn of the century.⁸⁸ These individuals were given the benefit of government loans, minimized red tape and other assistance for their farm operations.

Rather than develop and implement policies which would assist the First Nations people with the establishment of a viable economic base, the Federal Government appeared much more concerned with acculturation and assimilation of the Indian people. It was expected, at this early point in federal Indian policy, that the backward First Nations people would be “gradually trained for enfranchisement and for the privileges and responsibilities of citizenship.”⁸⁹ In this light, a long term economic development strategy for reserves would not be seen as important.

Early economic development policy on reserves was not consistent with accepted economic doctrines, even at that time. Adam Smith's Wealth of Nations was one hundred years old and everywhere else in North America farmers were motivated to produce by profits. Federal Government Indian policy, however, was designed to eliminate any chance of profits, reduce or eliminate personal freedoms and reward back breaking labour with bare subsistence.⁹⁰

⁸⁸ Carter; *Op. Cit.* (1990) p.147

⁸⁹ Carter, *Op. Cit.* (1990) p.146

⁹⁰ Buckley, *Op. Cit.* p.55

Given these circumstances, and the availability of cash wages off-reserve, it is not surprising that many First Nations peoples gave up on farming to pursue casual labour, typically on off-reserve farms. The end result of government policy therefore, was the virtual destruction of the on-reserve agricultural economy and the creation of a low wage casual labour pool which was very much to the benefit of the non-aboriginal farmers. As the on-reserve farms were being cut and limited in size, non-aboriginal farms were growing as fast as the farmers could afford to purchase more land. With this increase in farm size, came an increase in the need for farm labour as the non-aboriginal farm family could not perform all the daily work required to maintain daily operations, especially at planting and harvest.

The Indian Act (1867) set out a formal policy framework between the Crown and First Nations and was based on ensuring that obligations which arose out of treaty were met. The underlying intent of the Indian Act was to facilitate the assimilation and “civilizing” which served as the underlying goal of the Crown at the time.⁹¹ The Indian Act was crafted with the goal of controlling most, if not all aspects of reserve life. First Nations people could not own land, they could not sell, nor buy land either. Since the people did not own the land they lived and worked on, they were unable to use it as collateral for bank loans. This clause of the Act has had a long term dampening effect on on-reserve

⁹¹ Lensay, Kelly and Wuttunee, Wanda. “Historical Economic Perspectives of Aboriginal Peoples: Cycles of Balance and Partnership.” in The Journal of Aboriginal Economic Development. Volume 1/no.1/1999 pp. 87-101

economic activity. The National Aboriginal Financing Task Force has identified the Indian Act as hindering economic development and have advocated creative capital financing to overcome the barriers.⁹²

Overall, the Act determined (and still determines) such things as who is an “Indian”, how they (“Indians”) were to be educated, what cultural activities were acceptable, and even, upon death, what would constitute a valid will.⁹³

One of the most insidious effects of the Indian Act with respect to its destructive impact on economic development, was the systematic way it destroyed traditional forms of government and replaced them with government-friendly band council system.⁹⁴

Traditionally, the First Nations across North America practiced very different forms of governance, based on tribal group, location, societal needs etc.. “Leaders” were chosen for a number of reasons including, but not limited to: skill, generosity, heredity, and hunting prowess. Great respect and authority given to elders often acted as a significant counter-balance to the authority of the leadership. Women, as well, often played a strong

⁹² National Aboriginal Financing Task Force. The Promise of the Future: Achieving Economic Self-Sufficiency Through Access to Capital. Pre-final report. (September, 1996) p.9

⁹³ Imai, Shin and Hawley, Donna. The 1995 Annotated Indian Act. Carswell Publishing. Toronto (1994).

⁹⁴ Lensay & Wuttunee *loc. cit.*

advisory role within traditional political structures. But nonetheless, the complex and evolving government systems were systematically destroyed and replaced..

The Indian Act initiated the system of "bands" and "band councils" and as a result, the band council was the only recognized legal organization. The government desired all Indian bands to follow an electoral system of government regardless of the traditions that had been developed by different First Nations across the country. This did not match with traditional systems of governance and was met with great resistance.⁹⁵

Stephen Cornell and Joseph Kalt, based on decades of research on American Indian Economic Development concluded that traditionally and culturally legitimate governments were one of the most crucial preconditions for economic development success on American Indian reserves. The Indian Act effectively destroyed all culturally legitimate government forms amongst First Nations people and replaced them with a system which had only delegated authority, and, for all practical purposes, operates as an administrative extension of the Department of Indian Affairs.⁹⁶ Further, since all departmental spending on-reserve flowed through the "Indian Agent", this agent was able to practice greater control and authority than the elected governments.⁹⁷

Today, many First Nations, particularly across the Prairies, have little knowledge of the traditional governance systems practices by their elders. Within the decade long self-

⁹⁵ *loc. cit.*

⁹⁶ *loc. cit.*

⁹⁷ Dickason, Olive Patricia. Canada's First Nations: A History of Founding Peoples from Earliest Times. Oxford University Press, (1992).p.285

government project of Manitoba First Nations, the Manitoba Framework Agreement Initiative, considerable resources and research have been invested into re-discovering traditional governance models for the Cree, Ojibway, Sioux, Dene, and Dakota people of the province.

Once it became clear that the agriculture experiments were doomed, the Federal Government chose to largely ignore the issue of economic development on the reserves, until the conditions of the Depression accerbated already straitened circumstances. Across Canada, relief was provided through the Provinces and municipalities. However, neither felt any responsibility to assist the First Nations communities which they deemed a “federal responsibility.”

The period of dependency, which still characterizes many First Nations today, began during the Depression and was further cemented after the war with the creation of the welfare state and its application to First Nations communities.⁹⁸ Mid-century, the government also began a process of relocation and consolidation of First Nations communities, under the premise that this would make the communities more economically viable, but ultimately freed up land for resource development and large

⁹⁸RCAP Report. Restructuring the Relationship: Part 2. Minister of Supply and Services Canada; (1996). pp.788-789.

scale hydro-electric projects.⁹⁹

With few available alternatives for support, welfare became the major livelihood source on-reserve. By the 1960's the government included a few short term make work projects to temporarily elevate employment statistics, but this had little if any long lasting impacts on the economic development of First Nations communities.

This approach relieved immediate hardship to a degree, but it did little to address the more fundamental issues of rebuilding an economic base. Furthermore, welfare programs were developed and implemented with little aboriginal involvement. They were applied to situations for which they were not designed in cultural or socio-economic terms, and they in fact retarded the economic recovery of communities.¹⁰⁰

This dependency on welfare remains a common characteristic in First Nations communities even today. The problem has deepened over time as generations have been raised on welfare and have little hope or aspiration for their own lives or that of their children beyond the welfare system. One Tribal Council in Manitoba has established a long term support program to work with youth on welfare. However, challenges are considerable. The majority of youth view welfare as a viable option to support themselves and their families. Some even report waiting in anticipation of their eighteenth birthdays so that they would be able to receive their own welfare. Most are unwilling to make a long term commitment to the project.

⁹⁹*Ibid.* p.788-789

¹⁰⁰*Ibid.*p.788-789

This overall dependency has had a devastating effect on self esteem, education levels and family stability. The majority of the youth involved in the project have grades eight to ten education, started families very young (14-18) and are single parents. Most have faced alcohol and drug problems either in themselves or within their families. The vast majority have never held paid employment, or if they have, it has been temporary work such as sand-bagging, provided by the Band.¹⁰¹

The RCAP report identifies five approaches that the Federal Government has taken with respect to aboriginal economic development since the 1960's:

1. Migration to mainstream employment sites, especially urban areas
2. Business development
3. Sectoral development
4. Human resources development
5. Community economic development¹⁰²

No matter which approach was taken, however, one thing remained constant. Federal Policies and programs were designed by non-aboriginals with a non-aboriginal framework in mind. The RCAP report writes:

¹⁰¹ The Human Resource Enhancement Project was implemented by the Interlake Reserves Tribal Council in Spring 1998. Information is based on discussions with project staff and formal surveys.

¹⁰²RCAP Report. Restructuring the Relationship:Part 2 Minister of Supply and Services;(1996) pp.790-795.

While new initiatives were undertaken, the federal approach continued to be premised on the idea that development in Aboriginal communities would proceed in a manner similar to that in the mainstream; that is, if given a kick start, Aboriginal communities would develop business and economic infrastructure resembling that of the rest of Canada.¹⁰³

Designed, implemented and monitored by non-aboriginals with the overall belief that there were no significant differences between the aboriginal context and the rest of Canada, the policies failed on many accounts. Primarily, they did not contribute to any considerable economic development for First Nations. Controlled by outsiders, these programs did little to empower or enable First Nations peoples to take greater control of their circumstances. The exception to this was the community economic development experiments which took place in Manitoba, Alberta and Ontario. However, once the process was in place and communities began to clamor for increased finances and control, funding sources dried up.¹⁰⁴

Despite obvious shortcomings and inadequacies, current government policy is consistent with the past approaches. Industry Canada is currently emphasizing sectoral development, while its branch program, the Aboriginal Capital Corporations, focus on individually-based business development. INAC policy purports to take a community-based approach, while HRDC remains focused on the development of human capital. All three government departments, and their policy approaches, will be examined closer within the next section.

¹⁰³ *Ibid.* pp.790-795

¹⁰⁴ *Op Cit.* p.795

4.2 The Department of Indian and Northern Affairs

4.21 Background

The Department of Indian and Northern Affairs Canada (INAC) is responsible for the vast majority of government policy and programming aimed at First Nations in Canada..

The first Indian Department in Canada dates back to 1755 when the British Crown established it as a branch of the military in British North America to oversee military alliances with the First Nations people.¹⁰⁵

A Brief History of Indian Affairs Administration in Canada	
1755	the British Crown establishes the Indian Department, a branch of the military, to foster good relations and cultivate military alliances with First Nations.
1867	on Confederation, the new federal government is given legislative authority over "Indians and lands reserved for Indians" through the Constitution Act, 1867.
1867-1966	Indian and northern affairs administration is handled by various departments through the years including the Office of the Secretary of State, Citizenship and Immigration, Mines and Resources and Northern Affairs and National Resources
1966-present	the present-day Department of Indian and Northern Development is created by an Act of Parliament.

The current role of the Department evolves around the provision of funding for largely locally administrated services such as education, economic development, housing, social services, road maintenance, water and sewer as well as band-support funding.

¹⁰⁵ [Http://www.inac.gc.ca/pubs/information/info108.html](http://www.inac.gc.ca/pubs/information/info108.html)

¹⁰⁶ *Ibid.*

In 1999, there is remarkable little with respect to coordinated efforts in economic development programming for First Nations by the Department of Indian and Northern Affairs. One trip to the website of INAC and it becomes clear that economic development policy is either a non-issue, or it is not an issue the department wishes to make public.

Recent protests at the Manitoba Legislative Assembly highlight the need and urgency felt by First Nations members with respect to economic development. High unemployment, minimal economic infrastructure and limited opportunities are all key issues for First Nations members when they attempt to voice their concerns. Yet when the spending priorities of the department are examined, it becomes clear that their priority areas do not include economic development.

DIAND or INAC accounts for 71% of all federal funding directed to Aboriginal People. In 1996/97, 82% of INAC's total budget was funneled through to First Nations for locally administrated service delivery.¹⁰⁷ This does not mean that the First Nations are able to prioritize and direct these dollars to locally determined priority areas. Rather, the majority of funds received by First Nations are for very specific program areas and each dollar must be accounted for carefully. A few First Nations communities are the exception to this rule and qualify to receive program dollars under "flexible transfer arrangements". FTAs permit local First Nation governments to prioritize program

¹⁰⁷<http://www.inac.gc.ca/strength/funding.html>

spending and transfer dollars allocated for one program to another. In 1997/98, only two First Nations in Manitoba opted for the FTA, Peguis and Fisher River.

The total budget for the Department of Indian and Northern Affairs across Canada amounted to 4.3 billion dollars in 1997-98.¹⁰⁸ The total for Manitoba Region amounted to \$651 million.¹⁰⁹ The breakdown of DIAND's national expenditures are as follows:

NATIONAL DIAND EXPENDITURES 1997-98		
Schools, infrastructure, housing	23%	983m
Elementary/Secondary Education	21%	899m
Social Assistance	16%	671
Claims	9%	367
Social Support Services	8%	361
Indian Government Support	8%	339
Post-Secondary Education	6%	275
Administration/Regional Direction/Funding Services	3%	122
Land and Trust Services	2%	92
Northern Affairs	2%	88
Economic Development	1%	57
Self-Government	1%	39

The DIAND budget for 1998-99 saw a modest 2% increase, however this increase was more than overshadowed by a population growth rate of 2.3%. In total, Aboriginal

¹⁰⁸ *Ibid.*

¹⁰⁹ From AMC internal document. 01/08/99. See Appendix C

¹¹⁰ <http://www.inac.gc.ca/strength/funding.html>

programs represented 6.0 billion dollars for 1997-98 or about 5.7% of total federal spending.¹¹¹

By examining the spending list of the Department it becomes apparent that the provision of basic services such as education, social services and infrastructure play a much more significant role in the budget than long term development areas such as economic development or self government.

Even more disconcerting is the fact that a considerable amount of the services that the Department provides to First Nations are the same as those provided by Federal and Provincial governments to all Canadian citizens, most notably, social development (welfare).¹¹²

Chief Louis Stevenson, of Peguis First Nation, pointed out at a recent rally the huge disparity between the amount spent on welfare for First Nations people and the amount spent on economic development (671m:57m). Yet the department appears to do little to change this ratio.

Regionally, Manitoba statistics reflect the priorities set at the national level. The

¹¹¹ *Ibid.*

¹¹² *Ibid.*

economic development budget is less than five percent of the welfare budget.

MANITOBA REGION INAC BUDGET 1997/1998

Description		1997/1998 Regional Budget
Economic Development	1.2%	7,762,094
Treaty Land Entitlements Settlements	1.2%	8,015,014
Lands and Trust Services	.6%	4,241,994
Education	27%	176,577,680
Social Development	26%	169,925,996
Constr. Facilities and Housing	24%	156,132,890
Facilities and Housing O and M	7.4%	48,264,695
Indian Government Support	6.5%	42,004,917
Consultation and Policy Development	1.8%	11,693,645
Financial Transfer Agreements	1.6%	10,464,182
Reserve (Social, Nominal roll)	-	0
Capital	-	0
Operating Budget	2.4%	15,828,909
TOTAL		\$50,912,016

The Regional Budget for economic development in Manitoba amounted to approximately 7.76 million dollars in 1997/98¹¹³. These funds are divided into essentially three distinct program areas. These are:

1. CEDO: The Community Economic Development Organization Program
2. PSAB: The Procurement Strategy for Aboriginal Business (The aboriginal set-

¹¹³ AMC Internal document 01/08/99 See Appendix C

aside program for federal contracting)

3. **EDOF: The Economic Development Opportunities Fund.**

4.22 The Community Economic Development Organization

The first major program area for economic development programming and policy in the Department is referred to the CEDO program. The CEDO program was originally a part of the Canadian Aboriginal Economic Development Strategy (CAEDS) which was introduced in 1989. CAEDS was announced as a strategy of the Federal Government, not only DIAND, “to develop and support aboriginal self-reliance”.¹¹⁴ The overriding goal of CAEDS was pronounced to be:

...the Strategy signaled the Federal Government’s commitment to Aboriginal economic development. Instead of traditional government-directed exercises of the past, CAEDS assisted communities to develop their own expertise and build their economies.¹¹⁵

Three Federal Departments held responsibility for implementing CAEDS. Besides INAC, Industry Canada (IC) and Human Resources Development Canada (HRDC) were involved in the implementation of a broad range of program areas. INAC was assigned to focus on community development and access to resources; IC was assigned responsibility for business development while HRDC was given responsibility for training and skills development.

¹¹⁴INAC. “Community Economic Development Program: Status Report 1992-93” Minister of Public Works and Government Services; Ottawa (1994) p.1

¹¹⁵ *Ibid.* p.1

Initially introduced as a five year program, CAEDS was “extended” after 1994 and has since been wound down. INAC is still involved in the CEDO program, while IC still operates a watered down Aboriginal Business Canada. HRDC has devolved its responsibilities directly to aboriginal people through a series of Regional Bi-lateral Agreements. Through the RBAs, HRDC channels employment and training dollars to First Nations organizations to be administered locally. While there is some flexibility with respect to programming, there are scrupulous records which must be kept to satisfy HRDC that the transferred monies have been spent effectively.

The CEDO program was designed to assist First Nations communities and/or Tribal Councils to set up their own community economic development organization. CEDO funds are currently channeled through two pools, one to cover the operational expenses of the CEDO and the second to provide financial and/or technical support to fledgling businesses on or off reserve.

In 1997/98, a total of \$6,482,239 was channeled to Manitoba First Nations or Tribal Councils. \$3,065,891 was spent on operational and administrative expenses while \$2,267,557 was spent providing support to businesses.¹¹⁶

¹¹⁶ DIAND. “1997/98 Economic Development Regional Summary (Manitoba)” See Appendix E

Formally, INAC set out basic principles for the CEDO program:

1. Developmental and organizational capacity from within the community are crucial; they cannot be imposed from the outside.
2. Solid relationships must be built within communities and with mainstream government and business.
3. Preferences of communities and First Nations must be recognized in tailoring the various options for program delivery.
4. Development capacity must be based on the whole resource package - human, financial, and physical - in any geographic area.
5. CEDOs may use federal funding allocated to them for:
 - completing economic strategic plans
 - developing the organization and the capacity of both the board of directors and staff to deliver quality programs and advisory services
 - hiring staff or purchasing consultative services
 - preparing economic strategies
 - planning business or resource development projects
 - providing contributions, repayable contributions or loans to community members for training, or for business or resource development
 - holding equity positions in private or community enterprises; and
 - getting job-related training, employment programs and management, financial and technical resources¹¹⁷

There is considerable flexibility with respect to the administration of CEDO funding at the band or Tribal Council level. The open-ended nature of CEDO reporting requirements results in even greater flexibility than departmental policy would suggest. Unlike other programs funded by the department, i.e. housing, capital education etc., little formal record keeping is required with respect to CEDO dollars. CEDO reporting requirements are met through an annual one page questionnaire¹¹⁸ which asks for simple statistical data, i.e. How many businesses were started in your community? How many received financial

¹¹⁷ *Ibid* p.4

¹¹⁸ See Appendix E

assistance from CEDO? How many new jobs were created? The report requires no documented evidence that any support activity actually took place.

One of the fundamental problems associated with the CEDO program, aside from insufficient resources, is the fact that First Nations leaders are often tempted to spend these dollars in other areas simply because they are amongst the only funds received by the band which are not accounted for on a dollar by dollar basis.

A second problem with the CEDO program is decentralization. When the program was initiated, most of the CEDO dollars were channeled through the economic development wing of the tribal councils.

Tribal Councils, in Manitoba, were set up to replace the regional offices of INAC. There are a total of seven Tribal Councils in Manitoba, West Region Tribal Council, Dakota-Ojibway Tribal Council, Southeast Resource Development Council, Island Lakes Tribal Council, Swampy Cree Tribal Council, Interlake Reserves Tribal Council and Keewatin Tribal Council. Each one represents between five and eleven First Nations communities and anywhere from five thousand to fifteen thousand people.

The Tribal Councils were set up in the late sixties/early seventies to provide First Nations control and delivery over the services and programs then provided by the local offices of

INAC. Individual First Nations communities were encouraged to join the local Tribal Council in order to receive the same programs and services that had previously been delivered by the Department.

The main services provided by the Tribal Council offices were support-related, though some programs including education, social development and later child and family services, were administered with some room for local control. Tribal Councils were funded by the department out of the monies that had previously been allocated to the local offices. Since individual First Nations could not access these dollars or services on their own, there was a high degree of compliance to the new system

The introduction of the First Nations controlled and staffed Tribal Councils initially appeared very beneficial for aboriginal economic development. Dakota Ojibway Tribal Council and Southeast Resource Development Council were both very successful at pooling the available resources for economic development and creating very sizeable investment portfolios which generate considerable revenues for their respective organizations.

The economic development staff at these “more progressive” Tribal Councils were very often well trained, university educated professionals. Revenues generated were used to pay the operating costs of the Tribal Councils and support further investments. The fact

that locally, First Nations saw little immediate improvement created negative sentiments. First Nations were decreasingly interested in pooling their resources for economic development and, for the most part, decentralized their CEDO dollars and began to tackle economic development individually.

Even where the Tribal Councils did not officially decentralize the CEDO or other economic dollars, on a practical level, the inability to agree on Tribal Council ventures led other Tribal Councils to divide and distribute the economic development dollars amongst member First Nations individually, although on paper, they were still acting as a collective CEDO.

This acts as some counter-evidence to the notion of the preference for collectivity amongst First Nations. While First Nations based ventures are among the most common, this can be at least partly understood as due to the fact that it is First Nations which receive the bulk of money for economic development.

For example, one Tribal Council, while on INAC records appears to maintain a cohesive CEDO, in all practical senses has decentralized the dollars to member First Nations. The Tribal Council receives \$433,952.00¹¹⁹ annually for economic development ventures in the Tribal Council region. According to INAC formulas, these dollars should provide

¹¹⁹ INAC - TC Schedule 1 1997/98 Date: 02/16/98 See Appendix J

funds to support two full time and one part time staff members with a salary range of \$45,000 - \$50,000, enough to attract well qualified individuals. The remainder of the money could then be used to leverage further capital and invest in local projects.

In actuality, 100% of these funds are transferred to the band level, on a per capital basis. The populations for the Tribal Council member communities range from 130 to 1300 on-reserve. The CEDO budgets for the member communities are as follows:

Community	Population (total, 1996)	CEDO Funding
First Nation X	171	\$58,916
First Nation Y ¹²⁰	1212	91,083
First Nation Z	732	71,408
First Nation XX	1969	111,388
First Nation XY	1574	100,188

Each of the communities, technically, has a full time economic development officer employed at the band level to plan, implement and support economic development initiatives in the community. Unlike the previous Tribal Council staff who were often non-aboriginal, these local band staff are exclusively aboriginal. However, their formal training levels are negligible.

The appointment of the economic development officer is seen by many in the community

¹²⁰ As of the 99/2K fiscal year, First Nation Y receives its CEDO dollars directly from the Department

as exclusively political. With few jobs available in the community , Chief and Council find themselves with a great deal of power and control over who will work and who will not. Educated band members are often looked over because they are younger, have left the reserve for education purposes and hence are seen as having weaker ties to the community, and are more often than not perceived as a threat to the existing system. Many educated First Nations people are hesitant to return to the reserve, not only because they believe they have access to a better lifestyle off the reserve, but many feel that they are not welcome.

CEDO officers are therefore often without a high school education or any real interest in the long term development process. For example, in the sample Tribal Council region, 50% of the CEDO officers are directly related to the Chief.

Only 33% have any post-secondary education, and none have any formal training in economic development. Further, CEDO officers on-reserve have little authority when it comes to spending the CEDO allocations. Spending decisions tend to be made by either the Chief or the Chief and Council, often with little or no consultation with the CEDO officer. For example, the sample Tribal Council is responsible for the reporting requirements of the CEDO, when the responsible staff member contacted the CEDO officers with respect to the previous years funding allocation, only 17% (1 out of 6) of them knew exactly where the money had been spent.

While it is well known that CEDO allocations are small, theoretically it should be possible to utilize these dollars towards a few carefully chosen projects. However, in many cases even this does not occur. Instead of using these monies to leverage other dollars for economic development or supporting the efforts of community entrepreneurs, often these dollars are used unrelated purposes, especially around elections, which take place every two years on-reserve. Because the reporting requirements of the CEDO transfer are minimal, these monies tend to be favored for easy cash dispersals.

Further, because of the highly decentralized allocation of the CEDO program, a significant portion is spent on administration. In a small community, nearly half of the monies received for economic development are used to pay the salary and travel for one staff member.

It seems reasonable to assume that INAC policy makers were interested in the Community Economic Development model when they designed the CEDO program. Theoretically, decentralization and local control should facilitate empowerment and hence trigger the development of a community economic base. The fact that this has not happened during the course of the ten years that the CEDO program has operated suggests that there are a number of serious problems.

Reviewing the annual reports on CEDO submitted to the Department by First Nations

reveals very little about what has actually happened on the reserves. Appendix E contains three different CEDO reports from the 1997/98 fiscal year from three separate First Nations. The data from these three communities is summarized in the following table:

SUMMARY CEDO REPORTS THREE MANITOBA FIRST NATIONS

	First Nation A	First Nation B	First Nation C	MB. Aggregate
Total CEDO \$	68,000	48,483	395,193	6,482,239
Administration	20,000	7,997	171,917	3,065,891
# Businesses rec'd technical assistance	4	2	32	361
# New businesses started	2	0	8	143
# jobs created (business start-ups and expansions)	26	0	20	393
Total Funds leveraged	15,000	0	0	1,095,738

The reports do not offer any further information as to the type of businesses, how long these businesses remain in operation, how many jobs are full or part time or temporary etc. Accordingly, determining the overall effectiveness of these expenditures is very difficult. A precise ROI (return on investment) calculation is impossible.

In February of 1994, a joint committee was established between the Department and representatives of First Nations communities across Canada under the Aboriginal

CAEDS Assessment Project. The report was entitled: "An Aboriginal Community Perspective of the Canadian Aboriginal Economic Development Strategy" and offered an extensive list of recommendations to improve the CAEDS based on a survey of participating First Nations CEDOs.

One of the most interesting findings of the study was the fact that only half of the respondents in the aboriginal leaders survey felt that the CAEDS program brought about any economic changes in the community over the past three years.¹²¹ Further, only 40% felt that the program had a positive impact on the economic performance of their community¹²²

The results from the following survey question illustrate serious shortcomings with the CAEDS strategy, of which the CEDO program was part:

"Do you think that changes that took place happened because of CAEDS?"

Area of Development	Yes	No
Social Development	30	59
Economic Development	46	44
Cultural and spiritual development	14	77
Political and organizational development	31	59

¹²¹ Aboriginal CAEDS Assessment Project. "An Aboriginal Community Perspective of the Canadian Aboriginal Economic Development Strategy. (1994) p 1-12.

¹²² *Ibid.* p.1-12

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Nearly half of the aboriginal leaders surveyed did not feel that the CAEDS Strategy, of which CEDO was an important component, had an impact on economic development in their community.

The Survey also questioned community members on their impressions of the overall CAEDS strategy. Many had not even heard of the program.¹²⁴ The majority of community members who responded to the survey did not notice any significant change in economic development since the onset of the program. For example, if CAEDS and CEDO were to have a positive impact, one expected outcome would be the establishment of an increasing number of business ventures on reserve and the production of a greater number of goods and services locally. The following table illustrates that across Canada, this did not tend to happen.

Are You Producing more Goods and Services in the Community?¹²⁵

Number of Responses	Response
864	People not producing more locally
255	Don't Know
	Are Producing More:
152	Store (Sears, crafts, clothing, paintings)

¹²³ *Ibid.* p.v-10

¹²⁴ *Ibid.* p.v-35 to v-40

¹²⁵ *Ibid.* p.v-37

106	Grocery (dry food, fish, beer, cigarettes, etc.)
57	Gas (fuel, oil, firewood)
47	Building supplies (plumbing, electricity etc.)
43	Automotive (mechanic, skidoo)
38	Local Services: taxi, laundry, hair, video etc
35	Restaurant
20	Furniture, appliances, office supplies
19	Everything you need
12	Hardware
12	Raw materials
11	Social Services

A total of 552 respondents, or 33% of the total respondents agreed that more goods and services were being produced locally. 52% felt that there had been no increase, while 15% did not know. Fifty-nine percent of those surveyed reported that they were not buying less from outside (non-aboriginal communities while only 23% reported buying less.¹²⁶ In response to the question: “Do you think your community has greater economic wealth because of CAEDS?”, thirty eight percent (38%) of community members responded yes. At the same time, thirty one percent (31%) said they did not know, and another thirty one percent (31%) said no.¹²⁷

Based on the joint survey, CAEDS overall, and CEDO as a component, were not

¹²⁶ *Ibid.*

¹²⁷ *Ibid.* p.v-40

particularly successful at stimulating economic development on-reserves.

Unsurprisingly, the CAEDS strategy was not renewed after the release of the report.

However, many of the individual components still remain. The CEDO program is still the main source of funding for economic development to First Nations. In fact, until recently, CEDO remained the only significant economic development program in the Department.

Why has the CEDO program failed to achieve significant results on-reserve? First Nations leaders are most likely to cite insignificant funding and this, certainly, is true.

Compared to welfare expenditures, money spent by the department on economic development is barely significant. Still, a considerable amount of money is being spent and the overall results do not tend to be positive. This may indicate other problems as well.

What has actually happened on-reserve is reminiscent of dependency theory. One of the main premises of CED is that its proponents are members of the community itself, not the elite. It appears, at least in some cases, that there is a very definite elite class on-reserve, this being the Chief and Council. Chief and council act, in a very real sense, as a bureaucratic extension of the Department, on-reserve. Their mandate, accountability and reporting requirements all fall back on the Department, not their respective electorates.

Since all CEDO funding is channeled directly through the Band, and in most cases, is allocated by order of Chief and Council, the ability of the CEDO funding to actually facilitate community economic development is tempered by the mandate of elected politicians. The temptation to use these monies to their political advantage can not be denied. Further, the strange bureaucratic-based relationship between the political leadership and the Department sets up a poor accountability framework for those monies (and all monies received by the band) between Chief and Council and the overall band membership.

In non-aboriginal society, monies for economic development tend to be distributed through special institutions which are set up to be arms length from the elected (though they still hold considerable influence). In many First Nations, there are no special institutions. In his Master's Thesis for the Queen's Executive MBA program, Stanley Bear contends that stable, politically arms-length First Nations community economic development corporations are essential to encourage and sustain real economic development.¹²⁸

Further, as dependency theorists contend, these local elites are subsumed by the interests of the exploiting society, which in this case we will assume to be the Canadian State as

¹²⁸ Bear, Stanley. "Establishing Stable First Nation Community Economic Development Corporations" Queens University; (1996)

represented by the Department. They receive their salaries from the Department, and to a large extent, their relative success/failure is dependent on their relationship with the Department.

This is not to say that Chief and Councils may even be directly aware that they are acting as agents of the Department. However, the paternalistic relationship between the department and the First Nation sets up dangerous dynamics as far as real CED is concerned. This, as Loxley notes, sets up a dangerous situation for CED, whereas the CED actually works to preserve the status quo rather than facilitate real empowerment and community-based development.

The Indian Act

To better understand such a contentious hypothesis it is necessary to refer to the underlying foundation of the relationship between the Department and First Nations, the Indian Act. As previously noted, it is the Indian Act which gives the current form of government on First Nations across Canada its legitimacy. Section 74 (1) of the Indian Act reads:

Whenever he deems it advisable for the good government of a band, the Minister may declare by order that after a day to be named, therein the council of the band, consisting of a chief and councillors, shall be selected by elections to be held in accordance with this Act.¹²⁹

The Act lays out specific conditions for a valid election to take place, including who has

¹²⁹ Imai, Shin and Hawley, Donna *Op. Cit.* (1994)

the right to run for office, length of term, the powers which may be exercised, who has the right to vote, how voting will take place etc. This regulation effectively eliminated all traditional forms of First Nations government by the turn of the century.

There is a provision whereas First Nations may opt for Band Custom. Section 2(1)b allows a First Nations to determine its chief and council according to “tradition”.

However, the Act will still determine all other aspects of its government. It is interesting to note that only a handful of communities fall under this provision.

Further, if the Department does not approve of the elected officials, there was process laid out within the Act to remove them from their positions. According to the Act of 1876, a Chief could be removed for “dishonesty”, “intemperance” or “immorality” at the discretion of the Department.¹³⁰ Section (79) of the current version of the Act reads:

The Governor in Council may set aside the election of a chief or a councillor on the report of the Minister that he is satisfied that

- there was corrupt practice in connection with the election
- there was a violation of this Act that might have effected the results of the election; or
- a person nominated to be a candidate in the election was ineligible to be candidate

The First Nations people themselves have no authority or power over their own political system. Ultimately the authority of government on First Nations lies with the Department. In cases where band members are unhappy with a band election for whatever reason, they must file a complaint to the Department. On their own, band members have

¹³⁰Lendsay and Wuttunee *Op. Cit.*

no recourse for dealing with their own leadership.

Recently, the Supreme Court of Canada ruled that the provisions of the Indian Act (Section 77 (1) which dictated who could vote in band elections was unconstitutional. In a unanimous decision, the court ruled that 77(1) of the Indian Act, which excludes off-reserve band members from electing chiefs and councils violates the provisions of the Charter of Rights and Freedoms. The Court gave the federal government eighteen months to correct the legislation and establish a process to conduct broad based elections.¹³¹

Once again, it is important to note, that First Nations people themselves were unable to change their own system of government. The Supreme Court had to sanction the changes to ensure that reserve elections are “fair” within the guidelines of the constitutionally guaranteed Charter.

Any powers that the elected chief and council may hold are circumscribed by the Act as well. Section 81 (1) reads:

The council of a band may make by-laws not inconsistent with this Act or with any regulation made by the Governor in Council or the Minister...¹³²

¹³¹ Anderssen, Erin. “Supreme Court rewrites native-voting rules” The Globe and Mail. Friday, May 21, 1999.

¹³² Imai and Hawley (1994) *Op. Cit.*

No by-law is valid until it is approved by the Minister.

Once the band members have elected the Chief and Council, all accountability and controls lie between chief and council and the Department. Some band members have made very vocal and public complaints against the system, at least partly because of the Department's overall reluctance to deal with band members complaints. As long as chiefs and councils meet the requirements under the Act, the Department is loathe to get involved. The First Nations Accountability Coalition has repeatedly protested outside the Manitoba regional office, calling for greater accountability overall and rendering specific complaints against certain First Nations political regimes. Since there is no process for complaints or local check on powers on-reserve for band members, "going public" is the only available option, though this, by no means, guarantees redress.

4.23 The Procurement Strategy

The Federal Government Procurement Strategy for Aboriginal Business (PSAB) was launched in 1997 with the overall goal of stimulating aboriginal business development and success through access to Federal Government contracts.

Managed by INAC, PSAB ensures that all government contracts issued for whom the prime target is aboriginal, i.e. First Nations pharmacy services, infrastructure construction on-reserve etc., are "set-aside". Only aboriginal firms or aboriginal-controlled partnerships are eligible to bid on these contracts. The department has also made efforts

to encourage other federal buyers to participate in the program, though their inclusion is not mandatory.¹³³

In 1998, there were a total of 38 awards under PSAB through Winnipeg regional office. The total value of these contracts amounted to \$6,545,895.79 with an additional \$3,104,320 in standing offers. In some cases, contracts issued to tender under PSAB were not bid on. In 1998, the total value of these contracts amounted to \$2,144,087. Of the 38 awards issued, nine were issued to First Nations' owned ventures, the remaining 29 went to sole proprietorships, partnerships and joint ventures.¹³⁴ In 1998, the two largest contracts awarded were to individually owned operations. Take Care Referral Services, owned and managed by a band member from Grand Rapids, received a contract valued at nearly 1.7 million dollars over three years. Amik Transportation, which is owned and managed by a Peguis Band member, received a contract worth 1.6 million.

Based on the available data, the PSAB program has primarily assisted individual aboriginal entrepreneurs, although there are no regulations against band-operated ventures. It is important to note that even under PSAB, potential contractors are expected to offer quality products and services at competitive prices. PSAB is not expected to subsidize business ventures which in themselves are not profitable, though a lucrative

¹³³ INAC, "Procurement Strategy" http://www.inac.gc.ca/asi_rfa/ExternalEnglish.htm

¹³⁴ From Confidential Department Data, 11/17/98 See Appendix. D

government contract can help establish a new venture. Another benefit of the PSAB is that it motivates non-aboriginal business to enter partnerships with aboriginal firms in order to qualify for the set-asides. This provides the aboriginal community with an important resource for capacity-building and the transfer of experience and knowledge.

There have been a number of complaints by aboriginal business with respect to the PSAB program. At a meeting set up by the Department with Aboriginal Suppliers and Government Contractors, aboriginal entrepreneurs complained that the set-asides were not accessible enough, request for proposals (RFPs) were not posted for a sufficient time period, standing offers were not being utilized and that some lucrative deals were still being made outside the PSAB process. One of the primary problems, it was noted, was a lack of communication between the aboriginal suppliers and the Department.¹³⁵

In the Winnipeg Office, the Procurement Strategy is managed by the Economic Development Manager with one additional staff member in place to visit First Nations and make informational presentations to potential suppliers. This approach misses a key target audience - urban First Nations residents. Further support services are also available from the Tribal Wi Chi Way Win Capital Corporation. Tribal receives funding from the Department and Industry Canada to support a program officer to oversee, promote and assist First Nations and aboriginal contractors for the "set-aside" contracts.

¹³⁵ Procurement Meeting, Feb. 21/99 @ Radisson, Downtown Winnipeg.

4.24 The Economic Development Opportunities Fund

The Economic Development Opportunities Fund (EDOF) is another national program initiated through the Department of Indian and Northern Affairs (INAC) to support economic development efforts for First Nations. Although EDOF was started earlier, it receives its current funding mandate through the Minister's "Gathering Strength"¹³⁶ initiative.

Although EDOF is a national program, there are regional variations in the way that it is delivered. Most provincial Regional Offices approve project proposals at their own discretion. In Manitoba, however, all EDOF applications are directed through a First Nations-based Project Review Committee, although the Manager for Economic Development holds ultimate responsibility. The Committee is made up of representatives from each of the seven Manitoba Tribal Councils as well as the MKO and Southern Chiefs Organization.

Criteria for acceptance through the EDOF, which will match equity contributions only, provided that commercial financing has been secured, include the support of Chief and Council. Support of Chief and Council must be issued through a Band Council

¹³⁶ "Gathering Strength" is the Minister's formal response to the Royal Commission on Aboriginal Peoples (RCAP)

Resolution (BCR) signed and dated at a duly convened meeting. A detailed business plan must be submitted to the PRC, complete with financial projections, an overall management plan and evidence that commercial financing has been secured. Formally, there is no preference for on or off reserve projects, although some PRC members admit to a distinct bias in favour of the former.

In 1998/99, the total funds distributed through EDOF in Manitoba region amounted to 1.2 million in the form of non-repayable cash grants.¹³⁷ The Project Review Committee (PRC) reviews and approves/rejects proposals up to \$250,000. All proposals \$250,000 and over must be approved by the Regional Director General. Final approval on all EDOF applications must come from Ottawa. The PRC meets quarterly. Although the key criteria are determined by the Department, the PRC is able to tailor requirements to meet First Nations needs as they see fit.

Unlike the contract awards under PSAB, the greatest recipients of non-repayable grants under EDOF are First Nations band owned ventures. The largest disbursements of EDOF dollars in the 1998/99 fiscal year went to First Nations owned and controlled ventures, rather than privately owned enterprises. These included Peguis First Nation, Dakota Tipi First Nation, Waywaysecappo First Nation, Sayisi Dene First Nation and Opaskwayak Cree Nation.

¹³⁷ Based on confidential internal departmental data. See Appendix D

In total, 14 applicants received funding from EDOF, eight of which were Band or Tribal Council enterprises. Six individual entrepreneurs received assistance for a total of \$111,813 of the 1.2m available. The average disbursement to an individual was \$13,977. For a band owned venture, the average contribution was \$133,375 with a grand total of 1.07m. Of the 14 projects that were funded in 98/99 only two were ventures located off-reserve. Committee members cited the following as reasons for the disparity:

1. Bands have greater access to equity and finance capital and hence are able to qualify for larger matching grants
2. Bands have access to greater expertise and professional support for business plan development and implementation
3. Chiefs are able to carry political clout with respect to Departmental decision making
4. Chiefs might not offer requisite support for unpopular band members
5. Off-reserve residents might not be able to access program, i.e. unable to get support of Chief and Council.
6. Information on EDOF is not readily available, generally only distributed through the Band Offices.
7. EDOF funds are distributed through band-support funding, once the bands receive the monies, it is their responsibility to administer it to the applicant, thus further politicizing their allocation.

EDOF funds, like the CEDO counterparts are issued to First Nations, through Band Support funding. This effectively ensures that bands control the majority of economic development funding which is targeted towards First Nations. Problems persist, however, when there is inadequate human infrastructure at the band level to ensure the

funds are dispersed in such a way as to maximize the overall economic benefits.

One of the greatest weaknesses of the EDOF program is its vulnerability to political pressure. Even the PRC has no effective power to reject an inadequate/inappropriate proposal when there is significant political clout attached.

4.3 The Micro-Approach of Industry Canada: Aboriginal Business Canada and the Aboriginal Capital Corporation

Industry Canada introduced Aboriginal Business Canada (ABC) and the Aboriginal Capital Corporations (ACCs) in 1989 as its component of the Canadian Aboriginal Economic Development Strategy. No stranger to aboriginal economic development programs, the department had previously been responsible for the Native Economic Development Program (NEDP), Directed Regional Economic Initiatives (DRIE) and Special ARDA (Aboriginal Regional Development Association).

Both ABC and the ACCs emphasize a micro approach to supporting the aboriginal economy. Assisting primarily individual entrepreneurs, they provide loans, grants and technical assistance to start-up, expand and support business ventures on and off-reserve. Unlike INAC dollars which flow through First Nations Band Offices, and HRDC dollars which flow to First Nations organizations, ABC and ACC dollars go directly to the individual. Most of the support is in the form of a repayable loan, although some grants are available through ABC.

4.31 Aboriginal Business Canada

The overall mandate of ABC can be seen in the Program's Vision Statement:

Aboriginal Business Canada is dedicated to working with Aboriginal entrepreneurs to promote the development, competitiveness, and success of Aboriginal business in Canadian and world markets. It seeks to build

- ▶ a competitive, sustainable Aboriginal economy actively linked with the economies of Canada and the world.
- ▶ an economy based on traditional Aboriginal values, led and managed by Aboriginal entrepreneurs and managers.
- ▶ nationally and internationally recognized Aboriginal corporations leading in traditional and "new economy" industries.
- ▶ successful Aboriginal entrepreneurs who can serve as role models to encourage and inspire new generations.¹³⁸

ABC divides its overall operations into two specific areas. ABC itself operates as a funding source and support base to assist with the development and expansion of aboriginal business across Canada both on and off reserve. Unlike the Department of Indian and Northern Affairs, ABC's clientele includes First Nations, Metis, Inuit and non-status aboriginal people. As well, ABC provides funding and technical support to a network of Aboriginal Capital Corporations (ACCs) which operate at the regional level across Canada.

The total national operating budget for ABC was \$43 million dollars in 1996.¹³⁹ Part of

¹³⁸Aboriginal Business Canada Homepage: <http://strategis.ic.gc.ca/SSG/ab00001e.html>

¹³⁹Consulting and Audit Canada. "Aboriginal Economic Development: Coordination of the Federal Approach." DRAFT. October 1996.

this budget is used to support the ACC network. ACCs are aboriginal managed micro-lending institutions which have been established regionally to offer financing to aboriginal clients who would otherwise not qualify for commercial financing.

Aboriginal Business Canada provides a range of business supports, grants, loans, and programs targeting individual First Nations entrepreneurs, although Band and Tribal initiatives are able to apply for and receive support as well. The overall policy direction of ABC is directly linked to Canada's economic development strategy.¹⁴⁰ Accordingly, its strategic target areas are as follows:

1. Expanding Markets and Trade Opportunities
2. Innovation and Technology
3. Aboriginal Youth

Prior to 1998, ABC provided grants, loans and technical assistance to small business. However, this program area has been turned over to the ACCs. ABC has repeatedly seen its budget reduced and has been forced to target its spending more strategically in order to improve its overall effectiveness. Further, when the federal government changed in Ottawa, so did the over riding mandate of Industry Canada (IC). IC reshaped its programs and policies to ensure they were more in keeping with a more neo-classical economic model. Industry Canada sought to eliminate its grants programs entirely as they were seen as business subsidization. Further, with the North American Free Trade

¹⁴⁰ Aboriginal Business Canada Homepage: <http://strategis.ic.gc.ca/SSG/ab00001e.html>

Agreement, business subsidies of any type were considered an unfair trading practice and could not be officially supported.. This shifted the focus of IC away from providing direct financial support towards targeted commercial loans and an increasing emphasis on business information services.

Outside of Indian Affairs, which channels its funding through First Nations band offices, ABC is the only other source of grant (i.e. nonrepayable contributions) money for aboriginal businesses. Interested entrepreneurs can seek assistance in business plan development, financing and some aftercare.

This shift in direction at Industry Canada was also imposed on Aboriginal Business Canada as a component program. Even though the vast majority of aboriginal businesses were not developed or competitive enough to worry about the North American markets and hence international trading regulations, the overall mandate and focus of ABC was shifted to concur with that of IC. This had tended to have a negative impact on the ability of ABC to act as a developmental agency, rather than a commercially orientated business support service, such as the Business Development Centers which hallmarked the change in the IC strategy. Budget cuts, which hit across all government departments, also acted as a significant restraint to the ability of the program to assist in developmental efforts. The overall program budget was expected to be cut by a total of 10 million dollars (nearly 25%) between 1995 and 1999.

This program cut has been at least partially offset by a recent announcement by the federal government. On April 12, 1999 the federal government announced a new *Aboriginal Business Development Initiative* which will be worth a total of 14.6 million dollars over five years.¹⁴¹ The government information document lists three areas where the new funding will be channeled, aboriginal capital corporations, aboriginal run community futures organizations and the development of an Aboriginal Business Services Network. Although the public document does not specify the funding allocations for the first two components, the Aboriginal Business Services Network (ABSN) has been allocated a total of 6.4 million dollars over the next four years.

Aboriginal entrepreneurs need information and skills to increase their ability to access capital, establish and grow their businesses. However, geographic isolation, lack of business networks and limited awareness of information sources continue to be barriers...

... The ABSN will build on the structure of existing Canada Business Service Centres (CBSC) located across the country which provide free-of-charge access to information on business programs, services and regulations...¹⁴²

This announcement supports the proposition that IC is attempting to position its aboriginal programming to fit within the overall IC policy framework. The Canada Business Service Centers were introduced recently to provide general business supports and information. Whether or not this is an immediate need for aboriginal entrepreneurs is another question. Neither the RCAP report, nor the National Aboriginal Financing Task Force Report place the creation of such an institution as a high priority. Both reports,

¹⁴¹ Industry Canada. "New Aboriginal Business Development Initiative - Backgrounder 99-04-12

¹⁴² *Ibid.*

however, do offer a significant list of recommendations to assist aboriginal economic development, from an aboriginal perspective.

The creation of the ABSN seems ahead of its time. Currently, the greatest challenge in First Nations economic development surround the creation of an economic base.

Individuals require a great deal of personalized support and assistance to get their business ideas off the ground. Information resource centers are most likely to cater to those already in business, who would feel comfortable in a research setting. IC policy, which is based on the current state of the overall Canadian economy and business climate is not particularly relevant in the developing-economy climate which characterizes First Nations.

4.32 The Aboriginal Capital Corporations

Originally introduced in the mid eighties as part of the Native Economic Development Program (NEDP) the Aboriginal Capital Corporations represent the main support service available for small to medium small aboriginal businesses through Aboriginal Business Canada. Initially, ABC had provided grants to small businesses, but found that over time this approach had not produced the best results. In response, ABC streamlined its grant program and devised a more commercially compatible system of small business supports. The Aboriginal Capital Corporations provide loans and some technical supports to aboriginal entrepreneurs. They are unable to meet the requirements of a true

“developmental lender” however, as they are largely undercapitalized and unable to maintain viability without some operating supports.¹⁴³

Across Canada, there are a total of thirty three (33) Aboriginal Capital Corporations which provide commercial financing for small to medium sized businesses. The ACCs target clientele include First Nations members, Metis, Inuit and non-status aboriginals. In Manitoba, there are three ACCs. Anishinaabe Mazaska Capital Corporation serves First Nations communities in the Dakota-Ojibway and Southeast Tribal Council regions. Tribal Wi-Chi-Way-Win serves First Nations communities in the Interlake, Island Lake, Keewatin, West Region and Swampy Cree Tribal Council areas. The Louis Riel Capital Corporation serves the Metis and non-status communities in the province. Originally, ABC had planned to set up only two ACCs in Manitoba, however, intensive political lobbying led to the creation of three. However, recent concerns with respect to undercapitalization have led to preliminary discussions on the rejoining of the two First Nations based ACCs.

The ACCs are designed to provide access to finance capital for aboriginal entrepreneurs who otherwise would be unable to secure commercial financing, due to size, location of

¹⁴³Tribal Wi-Chi-Way-Win. “Discussion Paper on Developmental Lending Capacity and Tribal Wi Chi-Way-Win Aboriginal Capital Corporation.” (Dec. 1998)

business, lack of experience or weak collateral.¹⁴⁴

There is no lack of capital in the marketplace, but this capital is not available to everyone. It is particularly not easily accessible to Aboriginal people. In Canadian society, those who want access to capital are expected to live in selected locations and offer the lender at least one (and often all) of the three C's of credit": character, collateral and capacity.¹⁴⁵

The primary role of the ACC is that of "developmental lender". As a "developmental lender" the ACCs are able to work with clients who would not meet the three C criteria of the commercial banking sector. A discussion paper entitled "Developmental Lending Capacity and Tribal Wi-Chi-Way-Win Aboriginal Capital Corporation" explains:

One of the greatest challenges for First Nations communities on the path to economic development is to access sufficient capital to ensure an adequate base exists to support the creation of important economic linkages. Underdeveloped communities, with few, if any existing businesses have no track record, no momentum or expertise with which to build from. Developmental lending is essential to provide this base, and once established, it is essential to foster momentum and break the long standing cycle of underdevelopment.¹⁴⁶

Thus as developmental lenders, the ACCs are expected to provide greater support services and aftercare to aboriginal businesses than would an ordinary bank or credit union. Loan Officers work directly with clients, advising them on their business plans and assisting them in the initial set up and monitoring of financial systems. This hands-on approach is considerably more labour intensive and requires the development of a "trust" relationship between the client and the loan officer.

¹⁴⁴ David McDougall. "Speaking Notes: Financing First Nations Conference" Native Investment and Trade Association. Toronto, Ontario. June 28, 1994.

¹⁴⁵ Report of the National Aboriginal Financing Task Force. "The Promise of the Future: Achieving Economic Self-Sufficiency Through Access to Capital." Pre-Final Report. (Rev. April 15, 1996)

¹⁴⁶ Tribal Wi-Chi-Way-Win Capital Corporation. "Discussion Paper on Developmental Lending Capacity and Tribal Wi-Chi-Way-Win Capital Corporation. (Dec. 1998)

The ACCs are essentially non-political organizations. This allows for the “trust” relationship to be developed without the interference of reserve politics. ACCs will work with businesses both on and off reserve, depending on the nature of the business and the goals of the entrepreneur.

Unlike Development Corporations which are often set up under the auspices of Tribal Councils and controlled by a Board of Directors made up of chiefs, the Board of Directors of the ACC are made up of an assortment of professionals, Tribal Council representatives, usually staff and, on occasion, chiefs. Decisions to support clients are made by loans officers, based on the quality of the workplan, available equity of the client, client integrity and the assessed overall viability of the proposed venture. The boards do not tend to get involved in day-to-day loans.

ACC’s were originally given an operating grant through Industry Canada to help them offset the additional risk associated with their status as lender of last resort. However, this subsidy, was gradually eliminated by 1998 such that the ACCs are expected to be self-financing.¹⁴⁷ Since they are mandated through ABC and IC, they are subject to the same overall policy framework which guides all IC policy for supporting business and economic development efforts across Canada.

¹⁴⁷ *Loc.cit.*

With the loss of the operating subsidy, many of the ACCs are finding themselves in the uncomfortable position of accumulating annual deficits. With loan loss ratios averaging 10-15%, the lack of administrative support has led many of the ACCs to become more cautious with respect to the expansion of their loan portfolios. This heightened caution contravenes the essential role of the ACC as a developmental lender.

Further, the ACCs face additional difficulty in that because of the risk involved, the interest rates that it must charge a significantly higher than those available through the banks, credit unions and even Peace Hills Trust. Low risk clients therefore are more likely to turn to conventional lenders for assistance, rather than pay a premium to the ACC.¹⁴⁸

This compounds the increasingly difficult financial position that most ACCs have found themselves in. Because of the increased risk, and lack of operational supports, the ACCs are forced to charge clients interest rates which are substantially higher than those available through the commercial banks and/or credit unions. Currently, Tribal Wi-Chi-Way-Win charges thirteen percent (13%) interest on its loans. Obviously, aboriginal entrepreneurs who can secure credit elsewhere will do so. This leads to the unfortunate circumstance whereas only the most needy clients are willing to take on the high cost of

¹⁴⁸ *Loc.cit*

borrowing.¹⁴⁹

The ACCs have, nationally, tried to put together an argument to ABC and IC for renewed operational supports which emphasize their unique role as “developmental lenders” within the aboriginal economy. Although the Federal Government has suggested that the ACCs will receive some of the new monies announced under the Aboriginal Business Development Initiative, it has not made clear exactly how much money they will receive, or how they will be expected to utilise the resources.

4.4 Training and Employment: Developing First Nations Systems

Over the last few decades there has been a marked increase in the amount of money that has been spent on education and training of aboriginal people. The Canadian government has long felt comfortable with this approach to dealing with poverty and unemployment for First Nations.¹⁵⁰

With emphasis on secondary and post secondary education, there has been some noticeable improvement in the educational attainment of First Nations citizens, although they still lag behind the general population. Post-secondary rates have improved significantly as well, as more and more First Nations people see the need for a good

¹⁴⁹ Tribal Wi-Chi-Way-Win. *Op. Cit.* (Dec.1998)

¹⁵⁰ RCAP. Restructuring the Relationship:Part 2. Minister of Supply and Services. (1996)

education to ensure good employment opportunities for the future.

Secondary education is funded wholly through the department of Indian Affairs and is based on the nominal role, i.e. the number of students enrolled in school. In larger communities, high schools have been established on-reserve, but for many smaller communities, secondary school marks the need to leave the community to further education. In both cases, however, drop out rates are still significantly higher than the mainstream.

One significant problem facing reserve schools stems from a recent change in the provincial curriculum. While provincially funded schools received financial assistance in the transition to the new curriculum, the federally supported reserve schools did not. This, coupled with the inability of many reserve schools to attract quality teachers and occasional political interference has led to reserve educations of dubious quality. Students transferring to non-reserve schools often find themselves placed back one or two grades. Grade twelve graduates find that the transition to university or college level studies much more difficult and cite this as a reason for dropping out within the first year of post-secondary studies. Recent participation in provincial wide exams illustrates the inability of reserve schools to maintain the same standards as their provincial counterparts.

Math and language arts exam marks are significantly lower on-reserve, and often do not even reach a passing grade. For example, Senior 4 English Language Arts testing on-reserve yielded an average mark of 43.25%, while the provincial average mark was 67.1%. Senior 4 Mathematics (40G) results are even more discouraging. The 1998 average on-reserve was only 30.5%, while the provincial average was 65.6%. Senior 4 Mathematics (40S) students on-reserve averaged only 14.5% in 1998, while the provincial average was 60.7%.¹⁵¹

While citing the provincial exam results is often met with some political opposition, i.e. claims of “cultural or language differences”, it cannot be denied that if these students are to compete with non-aboriginals for jobs and post-secondary education, they must be able to meet the standards of the mainstream. DIAND, Manitoba region has recently injected nearly two million dollars into educational support programs to deal with the range of problems on reserve, including high levels of Fetal Alcohol Syndrome, special needs, out-of-date curriculums and poor quality teachers. Part of this money has been used to fund an Education Resource Center. The Resource center will open in September of 1999 and provide aboriginal teachers with curriculum assistance and supports for special needs students. Individual First Nations have also responded with individual proposals to improve educational standards on-reserve indicating a strong belief in the need to provide

¹⁵¹Manitoba First Nations Education Resource Center Information Package. See Appendix F

quality education to young people.

Post-secondary education and training is funded through two sources. College and university training is funded through DIAND, although budgets are limited and do not reflect the real needs or demands on reserve. The funding levels were flexible prior to the late eighties and were based largely on demand, i.e. everyone who wanted to pursue post-secondary education at a recognized institution, were given funding (tuition, books, living expenses) to do so through the department.

Due to a steady increase in demand, the Department has frozen post-secondary funding levels and at present, many students must wait one to three years to attend college/university or look to alternative funding arrangements. One funding option is the training and employment dollars transferred to First Nations through HRDC.

Unlike the Department of Indian and Northern Affairs Canada (INAC), and Industry Canada (IC), Human Resource Development Canada (HRDC) has taken an innovative approach to program and service delivery to First Nations across Canada. Since the 1980's the department of Human Resources and Development Canada has evolved its approach to aboriginal programming from non-participatory target clients to one which incorporates the transfer of responsibility to aboriginal groups for delivery and results

with greater flexibility in overall program design.¹⁵²

Historically, HRCD did not approach aboriginal client groups with specific aboriginal-focused strategies. Aboriginals were considered a target group for the mainstream package of employment and training related packages and services. On-reserve clients would travel to the nearest employment center, and were treated much the same as non-aboriginal clients.

The “Pathways to Success” strategy was developed in the late 1980's and reflected a shifting perception towards the need for more aboriginal input and control into HRDC related services. Introduced as part of the CAEDS strategy, “ Pathways” was funded one billion dollars over five years.¹⁵³ Specific program components included the establishment of local and regional management boards of aboriginal peoples which worked in partnership with HRDC to deliver programs and services.

This process was expanded after an initial five year pilot such that the Regional Management Boards took over the bulk of responsibility for HRDC programming. Regional Bi-lateral Agreements (RBAs) between HRDC and the Regional Management

¹⁵²HRDC. AHRD Homepage. “An Overview:Pre AHRDS”
<http://www.hrdc.drhc.gc.ca/hrdb/aro/common/handbook/pre.shtml> 6/7/99

¹⁵³ RCAP Restructuring the Relationship Part 2. Minister of Supply and Services (1996). p.795

Boards laid out the framework under which HRDC would agree to provide financial support for the design, delivery and implementation of community-based programs and services.¹⁵⁴

In Manitoba, the RBA holder for Manitoba First Nations is the Assembly of Manitoba Chiefs which administered the program through a non-political arms length institution for employment and training. This institution, the Manitoba First Nations RAMB (Regional Area Management Board) was controlled by a Board was made up of technicians from the community level. While RAMB administered the overall agreement with HRDC, actual community-based programming took place within LAMBs (Local Area Management Boards). The LAMBs consisted of local technicians and councillors. The LAMBs received funding through the RAMB and were responsible for submitting quarterly reports and annual financial and programming plans with regular updates throughout the year. The RAMB would then consolidate the reports, often providing support and assistance at the community level to ensure all reporting requirements under the RBA were met.

The original plan saw the LAMBs established within the seven Tribal Councils, while independent First Nations established individual LAMBS. This was done to ensure administrative economies of scale. Some First Nations have fewer than 150 band

¹⁵⁴HRDC *Op Cit.*

members on reserve and the majority have fewer than one thousand. However, within two-three years, many of the Tribal Council LAMBS had disintegrated due to internal disputes, including administrative allocations. Since the RAMB Board had been made up of LAMB chairs, by 1997, the RAMB Board had grown from an initial ten members to twenty eight.

A twenty-eight member Board proved unruly. External pressures, which included a strict regime of reporting requirements to HRDC and internal pressures, which included administrative inefficiency and significant communication gaps between LAMBS and local Chiefs and Councils, led to the dismissal of the Board and its replacement by the Executive Council of Chiefs at the Assembly of Manitoba Chiefs.

RAMB, as an administrative body, was made up of a team of well-qualified and educated First Nations members from across the province. As an arms-length, non-political First Nations institution, the RAMB was a demonstrable example of the ability of First Nations to develop the significant capacity required to design, implement and deliver training and employment related programs and services. Although, in practical terms, little flexibility was available in terms of program design, the RAMB was a significant accomplishment for Manitoba. Its non-political framework contributed to its ability to meet its goals, mandate and accountability requirements over the years that it operated. HRDC cites the following as lessons learned from the three year RBA process:

1. **Administrative capacity building is essential to program success;**
2. **The delivery of programs is most efficient where client numbers warrant it;**
3. **Local control over the delivery mechanism is regarded as the most important element of the RBA;**
4. **RBA's are accountable not only to HRDC but to communities as well; and**
5. **Private sector partnerships are essential to meet the long term training and career development needs of individual clients.¹⁵⁵**

Unfortunately, the RAMB office met its practical demise during the April 1999 meeting of the General Assembly of the Manitoba Chiefs. After the success of the RBA process, HRDC was prepared to take the process one step further. Both the recommendations of RCAP and the Manitoba First Nations Economic Development Strategy supported the development of broad based multi-year agreements to ensure First Nations had greater control and flexibility in program design and delivery. HRDC agreed with the recommendations and set up the Aboriginal Human Resource Development Strategy (AHRDS). Through AHRDS, five year agreements are being established with Aboriginal groups to take on even greater responsibilities for human resource programming. The new five year contribution agreements include the training and employment dollars of the RBAs and have been expanded to include program dollars for youth, urban aboriginals, childcare and disabilities.¹⁵⁶ The new agreement would see funding levels in all areas

¹⁵⁵ *Ibid.*

¹⁵⁶ Assembly of Manitoba Chiefs "Agenda and Background for the Special Meeting on First Nations Human Resource Development Agreement." Grand Ballroom, Fort Garry Place; Wpg., MB. (April 7, 1999)

increase by an average of 13.9%.

**AHRDS NEW AGREEMENT FUNDING LEVELS
Manitoba First Nations**

Program Area	Historical 98/99	New Agreement 99/00	Increase
Training and employment	\$15,696,975	\$16,793,263	7%
Youth	\$807,598	\$1,749,407	116.6%
Disability	\$0	\$330,074	n/a
Capacity Building	\$0	\$932,118	n/a
Daycare	\$7,322,000	\$7,322,000	0%

* 157

A key component of the AHRDS contribution agreement for Manitoba First Nations was the inclusion of nearly one million dollars for capacity building. The previous RBAs had neglected this aspect of organizational development for First Nations. These dollars could be used for staff training, organizational development and systems development.

RAMB, however, was established in 1996 with the mandate to deliver training and employment programs to Manitoba First Nations. With the new, multi-program, multi-year AHRDS, the RAMB would require an expanded mandate, through the Chiefs of the General Assembly.

To prepare for this expanded mandate, the RAMB hosted a one week conference in

¹⁵⁷ AMC, *Op Cite*. April 7/99

February of 1999, with grassroots participants, including youth, people with disabilities, daycare workers and other community members. This meeting provided support to the overall AHRDS and highlighted the particular issues each group wanted to have brought to the negotiation table with HRDC.

One of the highlights of the new agreement was a three way accountability framework which maintained the reporting requirements between HRDC and the Agreement holder, but expanded the accountability relationship to include First Nations.

Six Key Elements in the Standard AHRDS Accountability Framework

1. Results tied to quarterly reports and payments.
2. Facilitated self-assessments to identify problems that would prevent the achievement of objectives.
3. Co-Assessment will be conducted by HRDC and First Nation Human Resource Development Agreement (FNHRDA) holder on a regular basis in order to monitor progress being made on capacity building and results.
4. Annual financial review, conducted by a certified auditor, based on standard indicators and audited financial statements.
5. Annual report will act as a communication document prepared for *FNHRDA holder, community, clients, and other stakeholders*.
6. Summative Evaluation, measuring Strategy impact and effects of programming.¹⁵⁸

Overall, the approach of HRDC has been innovative and flexible, especially in comparison to INAC and Industry Canada. HRDC recognizes the need for aboriginal-specific programming as well as aboriginal control in the design and delivery of programs

¹⁵⁸ AMC *Op. Cit.* April 7, 99 Tab 7

and services. In doing so, HRDC recognizes the principles of the Harvard Model, which emphasizes First Nations control as well as the recommendations of the Royal Commission on Aboriginal Peoples.

At the Special Assembly, held in April, to expand the mandate of RAMB to deliver the new five year agreement, the majority of the Chiefs present voted to dismantle RAMB and deliver employment and training services through two regional political organizations, the MKO and the Southern Chiefs Office. The main thrust of the discussion on the floor was the retention of 3% of the overall agreement by RAMB to cover operating and administrative expenses, including the costs of special assemblies and community consultations. Both political organizations promised that they would transfer all monies directly to First Nations without retention of administrative dollars.

There were a number of problematic issues which arose out of the Assembly including:

- SCO and MKO are both political organizations. Neither have the mandate to deliver programs and services to First Nations.
- Neither SCO or MKO have any experience delivering training and employment programs. Neither have any operational structure to deliver programs and maintain appropriate records.
- No organization, political or otherwise, can administer as complex an agreement as the AHRDS without administrative/operating expenses. There are quarterly reporting requirements, audit costs, evaluation costs, consolidation costs etcetera.
- First Nations required the administrative supports of RAMB, many are unable to support quarterly program reports without direct (costly) assistance.
- SCO and MKO were unable to successfully negotiate a north-south split of the program dollars.
- AMC was given the mandate to sign the AHRDS Agreement, and must, accordingly meet all the reporting and audit requirements of the whole agreement. To do this, they still require administrative dollars which the LAMBS are loathe to accept.

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- As of June, 1999, neither SCO nor MKO had been able to meet the basic administrative requirements of the agreement. The previous RBA had to be extended to provide funding to First Nations for employment and training in the meantime.
 - The previous technicians who had made up the disbanded 28 member original RAMB Board seem to be largely responsible for the current structural chaos.
 - The inability and/or unwillingness of First Nations to work together, collectively where economies of scale and administrative efficiency, as well as overall political stability would deem beneficial may pose as a significant threat to the ability of First Nations to carry out any comprehensive self-government agreement.

While there is currently a considerable amount of chaos and instability associated with the administration of AHRDS, the institutional upheaval of RAMB and uncertainty with respect to political vs. service delivery mandates are indicative of the process of political development within First Nations. Trial and error compose a significant amount of the lessons learned in institutional development in any given society. Indeed, one current significant problem within First Nations societies is that the paternalistic policy structures of Indian Affairs and the Indian Act have led to the deterioration of traditional social cohesions.

In the article "Political Development and Social Welfare: A Conservative Perspective", Grace Goodall argues that political and social development cannot be handed over to developing societies. Nor can they be considered secondary by-products of successful economic development.¹⁵⁹

¹⁵⁹ Goodell, Grace. "Political Development and Social Welfare: A Conservative Perspective." in People Centered Development. Eds. (1990) pp.273-279

Political and social development are evolutionary features of a given society and are part of overall “development”. Goodell argues that the traditional approach of World Bank and USAID programs directed at developing countries has had a corrosive effect on citizen responsibility and self reliance.¹⁶⁰

The same approach, it can be argued, has been taken by the Government of Canada, especially through the Indian Act and the Department of Indian and Northern Affairs. The paternalistic nature of the relationship administered by INAC with First Nations has served to perpetuate poverty, corruption and instability because it has removed fundamental responsibility for well being from First Nations people themselves. Indeed, INAC, as a primary source of funding and policy direction for economic development, has contributed to the chronic underdevelopment of First Nations by the fact that it holds such broad controls.

In a fundamental sense the assumption that economic development comes first and political development will follow places the cart before the horse, since indigenous investment - the sine qua non of sustained economic development-waits for and is set in motion by indigenously rooted political stability.¹⁶¹

This perspective is supported by the work of Cornell and Kalt at Harvard University who found that the single most important factor contributing to Indian economic development in the United States was indigenous political control and stability.

¹⁶⁰*Ibid.* p.273-279

¹⁶¹*Ibid.* p.273-279

The political development of First Nations in Manitoba has been thwarted by the paternalism of the government. Indigenously supported government forms have been lost and social traditions have been almost completely abandoned. Given this context, it is not unusual that there is not a high degree of cohesion and adherence to traditional principles of collectivism in First Nations society. Chief and Council governments are completely unnatural and imposed to the Manitoba tribal groups and hence suffer deep legitimacy problems which are detailed in Cornell and Kalt's work. Corruption, mistrust and political instability are all consequences of an overriding policy approach which has viewed self-government and inherent rights as a parallel or unrelated policy issue.

In Manitoba, the Manitoba Framework Agreement was the policy vehicle through which self-government was supposed to be developed and established over a ten year time frame. The agreement has been in place for four years, and to date, has achieved low levels of political support, high employee turnover at the MFA Office, an ineffectual community consultation process, an overall poor understanding amongst the grassroots and a dismal lack of long term vision.

One primary source of crisis to the MFA process, identified in the four year joint evaluation, has been the uncertainty and instability of funding transfers from the Department of Indian Affairs. Although the Department committed to a ten year process, funding levels have been negotiated on a yearly basis and are often not finalized until the

end of the operating year. Further, there has been a significant disenchantment by First Nations in the process, who would rather see the sizeable funding (seven to eleven million dollars annually) go directly to individual First Nations and not to the MFA Office, which is established within the Assembly of Manitoba Chiefs.

The Department has done nothing to discourage the factionalism and dissent which arises with funding disputes and has appeared to pay heed to individual First Nations complaints in the process even though the ten year agreement has been signed and committed to. First Nations leaders were required at a recent General Assembly to re-affirm support for the MFA process in order to ensure that allocated funds would continue to flow.

There is a considerable problem generating support for a long term, albeit expensive self-government approach when the immediate needs of First Nations, including the immediate political needs of their leaders are pressing. Chiefs require monies for housing, healthcare, education, social development, infrastructure, employment and training and jobs not only to improve immediate living conditions on reserve, but also to secure re-election within a relatively short time frame (two years). Within this political framework, there is low motivation to seek long term goals and hence the complaint of many leaders that the MFA dollars should be used for existing program areas.

But again, it must be remembered, that structurally, First Nations leaders are, in many ways, bureaucratic extensions of Indian Affairs, and just as Cornell and Kalt noted in their American studies, the Department (Bureau of Indian Affairs) is only too well aware that if it does too good a job with aboriginal economic development, it will work itself out of existence. It is questionable, therefore, the depth of support and commitment to the MFA process, by the Department of Indian Affairs. Departmental bureaucrats know that if the process is successful, they, and with them, a whole institution will find themselves irrelevant and dis-placed.

Ultimately, therefore, the approach of HRDC and the AHRDS to aboriginal-based programming will assist in the long and tedious process of political development, capacity building and institutional development. In order to evolve into stable, culturally relevant, accountable First Nations organizations, there is an essential need for control and responsibility. B.J.S Hoetjes, in the article "Politics and Government: A Background to Corruption in Public Administration in Developing Countries" identifies the following positive co-efficients to corruption in government:

Many characteristic features of the government apparatus may be linked with corruption. A shortage of officials, inefficient methods of work, underpayment, responsibilities not clearly defined, a lack of internal supervision and subsequent improbability of being found out, low morale and little prestige with the public....¹⁶²

Add to this list low levels of cultural legitimacy and grassroots accountability and you get

¹⁶²Hoetjes B.J.S. "Politics and Government: A Background to Corruption in Public Administration in Developing Countries". In The Netherlands Journal of Sociology. 12 (1976) 47-77 Elsevier Scientific Publishing Company, Amsterdam.

the situations found in many colonial societies, including First Nations in Canada..

Although the HRDC process may have been triggered by such un-altruistic motives as down sizing and off loading of government programs and services, it has worked to assist First Nations in the establishment of their own institutional framework. Growing pains, therefore can be looked at as a potentially positive sign, provided that First Nations in Manitoba are able to get their act together and administer the AHRDS Agreement in some cohesive manner. If successful, this could prove a valuable lesson to the whole self-government process.

One thing is certain, if government were to come in and impose a non-aboriginal solution, this would only serve to enforce the current status quo, to the detriment of the long term process of First Nations development in Manitoba.

4.5 The Royal Commission on Aboriginal Peoples: The Report and Its Response “Gathering Strength”

The Report of the Royal Commission on Aboriginal Peoples (RCAP) was released in the fall of 1997 with much anticipation and hope on the part of the aboriginal communities across Canada. The substantial five volume report was the culmination of years of study and millions of dollars to develop a new approach to the way that government deals with aboriginal people, including First Nations.

The overall mandate for the Royal Commission was set out in August 1991.¹⁶³ What followed was six years of research, round tables, public consultations and report writing. The Commission, headed by George Erasmus and Rene Dussault, directed its work towards the answer of one overriding question:

*What are the foundations of a fair and honourable relationship between the Aboriginal and non-Aboriginal people of Canada?*¹⁶⁴

With 178 days of public hearings, visits to 96 communities, consultations with dozens of experts and the commissioning of hundreds of reports and research papers, the Commission concluded one fundamental point:

The main policy direction, pursued for more than 150 years, first by

¹⁶³ See Appendix G

¹⁶⁴ Royal Commission on Aboriginal Peoples. People to People, Nation to Nation: Highlights from the Report of the Royal Commission on Aboriginal Peoples. Minister of Supply and Services Canada. (1996).

*colonial and then by Canadian governments, has been wrong.*¹⁶⁵

The Highlights from the Royal Commission cite:

Successive governments have tried - sometimes intentionally, sometimes in ignorance - to absorb Aboriginal people into Canadian society, thus eliminating them as distinct peoples. Policies pursued over the decades have undermined - and almost erased - Aboriginal cultures and identities...¹⁶⁶

The goal of the Royal Commission is to re-set the relationship between aboriginal and non-aboriginal Canada. By acknowledging and understanding the mistakes that have been made in the past, it is possible to forge ahead in a new spirit of understanding and cooperation. This can be done through the use of the Report as a foundation for government policy making. The Report highlights the historical costs of the policy mistakes of the past towards aboriginal Canadians, projects the future costs of doing nothing and sets out a strategic plan to transform tor relationship through hundreds of specific recommendations.

With respect to economic development, the Report takes a holistic approach which incorporates the extensive work done by Cornell and Kalt at Harvard University. In fact, Cornell and Kalt contributed research documents and participated in the National Roundtable on economic development. Fred Wein summarizes the nine key steps

¹⁶⁵*Ibid.*

¹⁶⁶*Ibid.*

required to rebuild aboriginal economies as identified through the RCAP Report¹⁶⁷:

1. **Regaining control**
2. **Rebuilding aboriginal nations**
3. **Building institutional capacity**
4. **Expanding lands and resources**
5. **Recognizing Aboriginal and treaty rights**
6. **Building aboriginal business**
7. **Supporting traditional economies**
8. **Overcoming barriers to employment**
9. **New approaches to income support**

I. Regaining control

The Royal Commission agrees with the conclusions of Cornell and Kalt, specifically that sovereignty and control over economic development are essential to its effective pursuit. Non-aboriginal government and private sector interests as economic actors are interested in pursuing their own goals and interests, and these cannot be trusted to conform to the goals and interests of First Nations. In a speech to the Royal Commission Roundtable on economic development, Joseph Kalt echoes the findings of his research in the United States:

¹⁶⁷Wein, Fred. "The Royal Commission Report: Nine Steps to Rebuild Aboriginal Communities." in The Journal of Aboriginal Economic Development. Vol.1/No.1/1999 pp.102-119

Why is the exercise of sovereignty key? Well, we think in part its because our Bureau of Indian Affairs in the United States faces a severe conflict of interest. The fate of the Bureau of Indian Affairs rises and falls with the fate of Indian Country. The higher the unemployment rate, the worse the poverty, the better off is the Bureau of Indian Affairs, its budget rises, its staff rises.....And in case after case we find the Bureau of Indian Affairs as standing as an impediment to economic development.¹⁶⁸

The Report of the Royal Commission on Aboriginal Peoples places a strong emphasis on the importance of self-government and the inherent right of aboriginal nations to be self-governing.

2. Rebuilding Aboriginal Nations

Not only have individual First Nations members lost much of their language and culture, aboriginal groups, systems, and tribes have lost touch with their traditions, political systems and societal structures. Over one hundred and fifty years of federal government policies aimed at assimilation have had a serious impact on aboriginal communities and cultures. Efforts and supports will need to be developed which will rebuild and revitalize historically important levels of organization among aboriginal peoples.¹⁶⁹

3. Building Institutional Capacity

The Report again supports the work of Cornell and Kalt by identifying legitimated, qualified and non-political institutions as key building blocks to a healthy aboriginal economy. This could be achieved by strengthening the support given to existing

¹⁶⁸Wein, *Op.Cit.* pp. 102-119

¹⁶⁹Wein, *Op.Cit.* pp. 102-119

institutions, such as the Aboriginal Capital Corporations, and developing appropriate models for future institutional development.

4. Expanding Land and Resources

Another main thrust behind the RCAP Report is the inability of self-government to be feasible given the current land and resources available to First Nations to support themselves. The report recommends the development of extensive co-management agreements with the provinces, resolution of Treaty Land Entitlements and the renewal/renegotiation of existing treaties to expand available resources.

5. Recognizing Aboriginal and Treaty Rights

The Royal Commission maintains that if the Federal Government identifies and maintained its commitments to the Treaties and their obligations under aboriginal rights, this would, in effect, expand the resources available to First Nations.

6. Building Aboriginal Business

The expansion of the aboriginal economic base requires more than just access to land and resources. Aboriginal business development is required to facilitate and lead the new aboriginal economy. This can be facilitated through such initiatives as increased access to capital, supporting entrepreneurship through improved business advisory services and technical supports as well as improving and expanding access to markets through

aboriginal procurement, marketing assistance and coordination and promotion of uniquely aboriginal products.¹⁷⁰

7. Supporting Traditional Economies

While the Report stresses the need to develop a strong, new aboriginal economy which will be able to compete globally, it also recognizes the need to maintain the traditional aboriginal economy as an essential component of its history and cultural strength. For Northern communities in particular, participation in the global economy is not possible nor desirable. Some means of achieving a livelihood must be available and traditional economic activities such as hunting and fishing are the only available options. Care needs to be taken that modern economic development does not destroy the environment to such an extent that traditional activities are no longer possible.

8. Overcoming Barriers to Employment

The Aboriginal Peoples Survey (1991) identified the main barriers to employment as identified by First Nations people.

¹⁷⁰Wein, *Op.Cit.* pp.102-119

Barriers to Employment Reported by First Nations Population age 15+

Perceived Barrier	On-reserve	Off-reserve
Few or no jobs	75.2%	61.4%
Mismatched education/work experience	40.1%	40.1%
Lack of job information	32.3%	25%
Being Aboriginal	22.2%	25.5%
Lack of childcare	8.1%	8.5%
Other barriers	7.3%	12.6%

Improving education and training are essential components identified by the Commission, in any aboriginal employment strategy. The problem of few jobs available on-reserve will require a great deal of efforts to remedy, especially in remote or northern communities. Concentrated efforts on real community economic development would help alleviate the problem but would unlikely eliminate it completely. The Report also recommends improving information networks, developing agreements with major employers and improving access to daycare facilities.

9. New Approaches to Income Support

While welfare does provide an immediate short term support for people in poverty, in the long term, welfare has done a great deal of damage in First Nations communities. First Nations dependency ratios are significantly higher than the national average. Many First Nations youth see welfare as their only future. Funding for welfare on-reserve has

¹⁷¹Wein, *Op.Cit.* pp.102-119

increased steadily over the years while funding for economic development has stagnated or declined.

The Royal Commission recommends an alternative approach to welfare. Instead of a passive last resort support system, new approaches need to be examined which emphasize personal and community development.

Overall, the strategy of the Royal Commission Report is to lay out a strategy to shape the future relationship between aboriginal and non-aboriginal Canada. Recognizing, that unless the Government actually utilizes the report in its program and policy development, meaningful change will never occur, the Report highlights the economic benefits of the strategy and compares them to the cost of doing nothing.

In chapter 2 we demonstrated that the political, social and economic conditions facing aboriginal people impose a cost of 7.5 billion per year on them and on all Canadians; this cost is likely to increase in the future, reaching 11 billion per year 20 years from now. This cost of the status quo includes losses flowing from the failure to use and develop the full economic potential of Aboriginal people and the cost of remedial action to deal with the effects of social disintegration.¹⁷²

The following table illustrates the cost of the status quo as compared to the costs of the RCAP strategy, as presented by the Royal Commission.¹⁷³

¹⁷²Royal Commission on Aboriginal Peoples. Renewal: A Twenty Year Commitment. Volume 5; Minister of Supply and Services Canada (1996) p.56

¹⁷³ *Ibid.* p.48

Present and Future Annual Cost of the Status Quo (\$billions)

Cost to Aboriginal People	1996	2016
Foregone earned income	5.8	8.6
Income taxes foregone	-2.1	-3.1
Financial assistance from governments	-0.8	-1.2
Net Income Loss of Aboriginal People	2.9	4.3
Cost to Governments		
Expenditures on remedial programs	1.7	2.4
Financial assistance to aboriginal people	0.8	1.2
Government revenue foregone	2.1	3.1
Total cost to governments	4.6	6.7
Total Cost of Status Quo	7.5	11.8

The report asserts that within ten years of its implementation, positive effects in terms of both the Canadian economy and government finances will be realized. Appendix I illustrates government expenditures under the strategy and compares them to the status quo.¹⁷⁴

The Royal Commission on Aboriginal Peoples went to great lengths to develop a concrete framework for change and a precise budget for its implementation. The overall emphasis of the Royal Commission on holistic development is indicative of its belief that a piecemeal approach is not adequate, nor desirable. In order for real change to take place, the government of Canada must be willing to radically change the theoretical

¹⁷⁴ *Ibid.* p.57

foundations of its aboriginal policies and commit major resources to the strategy. The following table summarizes the budget requirements of the RCAP Strategy:

Changes in Government Finances under the Strategy (\$ millions)¹⁷⁵

Additional allocations in the year	2001	2016
Structural measures		
1. Tribunal and treaty commissions	50	50
2. Nation re-building	50	0
3. Nation governments	50	425
4. Land claim settlements	0	1000
TOTAL STRUCTURAL MEASURES		
Social and Economic Measures		
Healing		
5. Education, youth and culture	300	150
6. Health care	100	(450)
7. Social Services	100	(425)
8. Justice	25	(325)
Economic opportunity and living conditions		
9. Economic development	350	225
10. Income transfers	0	(250)
11. Housing and Infrastructure	400	350
12. Human resource development	150	425
TOTAL SOCIAL AND ECONOMIC MEASURES	1,425	(300)
Government Revenue gains	-	(1,550)
Overall TOTAL	1,575	(375)

Millions of dollars and years of research and consultations went into the RCAP process.

¹⁷⁵ *Ibid.* p.63

The real usefulness of this expansive project, however, can only be measured by the impact that it has on government policy and approaches to aboriginal people. In the past, there have been countless government reports on aboriginal issues including the Beaver Report, the White Paper, the Hawthorn Report, the Penner Report and others.¹⁷⁶ Whether or not any government paper is integrated into government policy is the only real bearing of its long term effect.

Theoretically, the foundations of the Royal Commission are broadly based. There is a strong identification of the “differences” between the aboriginal and non-aboriginal economies and a clear message that the policy prescriptions for the aboriginal economy would not be the same as that for the rest of Canada.¹⁷⁷

Further, the Report acknowledges the high degree of diversity and the probability that one theoretical approach or model would be insufficient to address the range of issues, concerns, goals and circumstances across all First Nations communities. The Report supports the notion of empowering First Nations to take charge of their own economic development agenda. Community economic development is seen to play an important role in the process, but it is also not an all consuming one. The Report emphasizes the

¹⁷⁶ Elias, Peter Douglas. Development of Aboriginal Peoples Communities. Captus Press, North York, Ontario. (1991). pp. 8-33

¹⁷⁷RCAP. Restructuring the Relationship Vol. 2, part 2 Supply and Services Canada (1996) pp. 798-799

need of First Nations communities to aggregate on a scale beyond local communities or Tribal Councils. The Report clearly identifies the need for and role of developing a national, or at least regional, aboriginal economy.¹⁷⁸

The RCAP Report, however, does not argue for the isolationist approach to economic development. There is a clear role identified for participation and even some integration into the mainstream economy. Partnerships with the non-aboriginal economy are identified as a valuable tool to meet this end and encourage economic growth and prosperity for both aboriginals and non-aboriginals.¹⁷⁹

Finally, the RCAP Report identifies the need to look beyond the mechanics of “growth economics” and into the realm of holistic development.

Economic development must be accompanied by activities that while not focusing directly on economic development, still have a significant effect on it. These activities include education, improving overall levels of health, developing positive cultural identities and building and maintaining infrastructure and services for communities and families.¹⁸⁰

Overall, the aboriginal communities have tended towards disappointment with respect to the implementation of the hundreds or recommendations made by the Royal Commission. The response of the federal government was slow and generally viewed as

¹⁷⁸ *Ibid.* p.799

¹⁷⁹ *Ibid.* p.800

¹⁸⁰ *Ibid.* p.800

inadequate and piecemeal. The formal response of the government to the Royal Commission was made by the Minister responsible for Indian and Northern Affairs, entitled "Gathering Strength."

4.6 Gathering Strength

Released on January 7, 1998, "Gathering Strength" is the government document which sets out the framework that the federal government intends to follow with respect to the recommendations of the RCAP Report.

"Gathering Strength", launched last year in response to the report of the Royal Commission on Aboriginal Peoples, is a sustainable long term plan that is leading to stronger and more self-sufficient communities. It is based on recognizing past mistakes and injustices; commencing reconciliation, healing and renewal; and building a joint plan to support economic development and strong, sustainable aboriginal communities.¹⁸¹

The document begins with a "Statement of Reconciliation" which addresses the many past injustices which have been done to aboriginal peoples. With the public reading and signing of the statement by the Minister of Indian Affairs, the government announced a twenty five million dollar healing fund which would focus specifically on the damage done through the imposed residential school system. An Advisory Board was established through the Assembly of First Nations and initial proposal guidelines and supports were established and implemented. The five year project received its first round of proposals in May, 1999.

¹⁸¹ INAC. "Backgrounder: Gathering Strength - Canada's Aboriginal Action Plan. 6/7/99

The actual workings of the Action plan are divided into four distinct sections. Each of these sections will be examined in turn.

1. **Renewing the Partnerships**
2. **Strengthening Aboriginal Governance**
3. **Developing a New Fiscal Relationship**
4. **Supporting Strong Communities, People and Economies**

1. Renewing the Partnerships

The main thrust behind this component of the strategy is the restructuring of the relationship between aboriginal and non aboriginal Canadians. This would include the various levels of government, the private sector and private citizens. The Plan identifies the Treaty relationship as an important foundation for the recognition of the rights of aboriginal people.

“These treaties between the Crown and First Nations are basic building blocks in the creation of our country”¹⁸²

The Plan identifies the importance of Aboriginal participation (not control) in the design and delivery of programs and services and acknowledges the recommendations for the restructuring of federal institutions such as Indian Affairs. No solid commitments to this end are issued, however. An important part of the partnership component would involve the Provinces, however, the Federal Government cannot make promises and/or

¹⁸²INAC “Gathering Strength - Canada’s Aboriginal Action Plan” Minister of Supply and Services Canada. Ottawa. (1997)

commitments on behalf of the provincial governments.

In addition, the plan offers general support for urban aboriginal issues, language, heritage and culture as well as international partnerships, although no specific policy commitments are offered.

2. Strengthening Aboriginal Governance

Gathering Strength offers clear support for the inherent right of self-government for aboriginal people. However, any concrete plans to actually achieve this are not apparent. The main commitment the government appears to be making is one of consultation. The following phrases are lifted directly out of the section and refer to diverse issues such as treaty rights, justice, women's participation, land claims, etc..¹⁸³

The Government of Canada will consult.....
The Government is prepared to work with aboriginal people to explore...
...ensuring aboriginal women are involved in the consultations....
The government of Canada will continue to discuss future directions...
The Federal government intends to conduct exploratory discussion...
The Federal Government is prepared to consider...
The Government of Canada is ready to discuss...

The Federal Government promises only to examine, consult, consider and discuss the range of issues and recommendations that are made in the RCAP Report. No concrete plans for self-government, i.e. time frames, support systems, budgetary allocations from

¹⁸³ *Loc. cit.*

the treasury board, etc. are mentioned. Unsurprisingly, the difficulties encountered by the Manitoba Framework Agreement Initiative (the Manitoba First Nations self-government initiative) have not subsided with the release of "Gathering Strength". Funding for the ten year framework is still negotiated annually and often six to eight months after the start of the fiscal year, while departmental support is still ambiguous. Clearly, a long term self-government framework cannot be successfully implemented without long term funding stability to meet the needs of the multi-year work plans, as well as the whole hearted commitment of Indian Affairs.

Since the RCAP Report identified self-government as an essential and primary component to the overall plan, the fact that this is not adequately addressed in the government response is revealing. While over eighty tables may have been established to discuss self-government, no real commitments for implementation time lines have been offered. Further, the Federal Government appears unwilling to let aboriginal groups take the lead, as per RCAP recommendations. The overall language and tone of "Gathering Strength" suggest it is still very much in control of the process, and any funds associated with it.

Part of the Federal Government's commitment to self-government must include an inherent respect for traditional aboriginal governance models. The Indian Act governments which currently dominate First Nations are not indigenous, nor culturally

valid. A strong commitment must be made to ensure that traditional governance models are restored and that the years of damage inflicted by the Indian Act and the Department can be mitigated effectively. Transferring increasing resources and controls over to Departmentally imposed government regimes can not truly be considered self-government.

3. Developing a New Fiscal Relationship

Through “Gathering Strength”, the Federal Government does offer to develop a new fiscal relationship which will provide more stable, predictable financing for aboriginal governments and organizations. A good example of this would be the HRDC multi-year agreements which are currently being negotiated. Although it should be noted that the HRDC agreements are part of an overall HRDC strategy to offload employment and training programming to the provincial governments.

Band support funding through INAC has not yet been affected by this new fiscal arrangement. Financial Transfer Agreements (FTAs) do provide bands with more flexibility, however, few bands actually qualify for this type of funding. In Manitoba, only two of sixty two First Nations communities have their band support funding transferred through FTAs. Even those who qualify for FTAs, funding is on a fiscal year basis, although specific agreements can be made on a case by case basis with the Regional Director General to pool five to ten years of capital for a large scale project.

Still whether or not multi-year funding is available is largely political not policy on behalf of the Region.

The Manitoba Framework Agreement is another example where stable multi-year funding is simply not available.

Accountability represents a very significant issue in the current political arena. There have been considerable protest and demonstrations by grassroots First Nations members that the current accountability regime under INAC is insufficient. "Gathering Strength" reads:

As recognized government bodies, First Nations are adopting enhanced accountability mechanisms that are comparable to those of other governments in Canada. Any new fiscal relationship must ensure that all aboriginal governments and institutions are accountable to their members through frameworks built on recognized principles of transparency, disclosure and redress common to governments in Canada. This includes the progressive implementation of government budgeting, internal controls, reporting and auditing standards.¹⁸⁴

INAC did introduce new accounting procedures in 1997 as a measure to deal with some of the accountability problems facing First Nations government. However, a massive process by First Nations leaders caused the implementation deadline for the new standards to be delayed until the 1998/99 audit season. Two key concerns raised by the Chiefs include:

1. A requirement to report the assets of any band-owned corporation

¹⁸⁴*Loc. cit.*

2. Detailed listing of salary, honorarium and travel of Chief, council and band staff

The first concern illustrates a fear, on behalf of First Nations, to release the financial statements on their own assets. Their primary concern is that any monies they raise through business ventures may be deducted from their band-support funding at a later date.

There has still been great deal of concern amongst some First Nations leaders with respect to the release of individual salaries, honorariums and travel. At least one Tribal Council in Manitoba has managed to side step the new accountability measures by providing aggregate figures only, i.e. the total amounts spent on member chiefs for board honorariums, travel and other related costs. The dis-aggregated data is considered so confidential, even member chiefs are unable to access the individual figures.

The new accountability framework did emphasize the need to develop the principles of transparency, disclosure and redress although it did not develop specific means to achieve them. As of the most recent audit year, First Nations do not have to release audit information or annual budgets to their members. No formal mechanisms for redress have be established either.

4. Supporting Strong Communities, People and Economies

The primary focus for this section of the Action Plan includes health and public safety, investing in people and strengthening economic development.¹⁸⁵

One of the main commitments of the Federal Government in this report and to the Canadian public has been to investing in education, training and employment for youth. However, the current situation in First Nations schools indicates a desperate need for increased attention at all levels. Recent provincial exam results illustrate the huge discrepancy between student in reserve schools compared to the provincial average.

The recently established Manitoba First Nations Education Resource Center cites a lack of funding to support an updated provincial curriculum in the reserve schools as the main problem. The revised curriculum, which reached the provincial school system in 1992-93, came complete with support funding for schools to make necessary purchases (new text books) and update current teachers. First Nations, however, did not receive any additional funding or support to implement the new curriculum and as a result, many made no changes, or updated course material on a piecemeal basis. Outside of the schools, this issue went largely unnoticed until the provincial exam results of 1998 were released.

¹⁸⁵*Loc.cit.*

Another area in need of considerable attention on-reserve is the high rate of welfare dependency. "Gathering Strength" proposes to work with First Nations to develop alternative welfare models which better meet community needs. INAC announced a national Pilot Project Initiative to support alternative welfare models and has established a national committee at the Assembly of First Nations to oversee the process, although ultimately all funding and support decisions are made through the Region.

There have some significant problems with the Pilot Project initiative as well. Political interference has tended to play a role in funding decisions, inadequate funds are made available to support comprehensive programming, funding support decisions are for a one-year term only (welfare reform pilot project would require 3-5 years to show any results) and the overall results must be cost-neutral.

One of the major thrusts of the department with respect to the Pilot Project Initiative has been to encourage the pilots to combine and coordinate funding from all existing programming, including Medical Services Branch (MSB), HRDC, IC, and others. The main difficulty at an operational level is that each funding source is controlled by a different program, all program areas on reserve feel under-funded and, just as the Department found itself unable to successfully coordinate economic development funding to First Nations under CAEDS, Pilot Project participants have considerable difficulty in trying to obtain additional dollars from existing sources. Project funds are limited to

cover the administrative and staffing costs, while additional dollars needed to support employment creation, training and skills development must be obtained elsewhere. For remote First Nations communities, the costs of an active case-managed system are even higher due to remoteness, poor economies of scale and local unavailability of jobs, high school education, training or any type of opportunity.

As previously discussed, the Department has recently announced two initiatives for economic development under the “Gathering Strength” initiative, the Procurement Strategy for Aboriginal Business (PSAB) and the Economic Development Opportunities Fund. Another key component of the “Gathering Strength” Action Plan for economic development includes increasing access to lands and resources, an integral recommendation of the Royal Commission.

The fundamental limitation of the Federal Government to support any natural resource initiatives flows from the Natural Resource Transfer Act which effectively gave the provincial governments control over all natural resources. In Manitoba, despite the Federal Government’s commitment to “strengthen the co-management process and provide increased access to land and resources,¹⁸⁶ the Provincial government has been overwhelmingly reluctant to enter into any related negotiations. Without Provincial commitment to the process, Federal policy initiatives in this are not especially

¹⁸⁶*Ibid.*

meaningful.

All in all, the two years that have passed since the release of the Report of the Royal Commission and “Gathering Strength” have not led to the substantial changes recommended. The Federal Government appears noticeably reluctant to commit to the 1.5 billion dollar annual commitment recommended.¹⁸⁷ Unsurprisingly, the Government’s perceptions of its achievements with respect to “Gathering Strength” are glowing. On January 7, 1999, the Department released a Communique entitled “Gathering Strength Anniversary Marks Progress.”¹⁸⁸ Appendix G contains the Federal Government’s self evaluation of its progress under “Gathering Strength”.

Overall, the document clearly fails to meet the massive expectations set up by the work of the Royal Commission on Aboriginal Peoples. Insufficient funding commitments, as well as a general inability to coordinate and control all government programming targeting First Nations, including the provincial governments, are important factors in the inability to enact real change. Even where clear policy directives have been made at the Federal level, the ability of the regional bureaucracies to carry them out has proven questionable.

¹⁸⁷RCAP. Renewal: A Twenty Year Commitment. Vol.5 Supply and Services Canada (1996).

¹⁸⁸<http://www.inac.gc.ca/news/jan99/1-98123.html>

One of the main reasons for this can be found within the research of Cornell and Kalt at Harvard University. Simply put, Indian and Northern Affairs Canada might not be the most appropriate vehicle to facilitate self-government.¹⁸⁹ There are a lot of bureaucrats with an immense amount of self-interest to ensure that efforts are piecemeal, at best and ultimately unsuccessful. Especially at the regional level, where actual implementation of Federal policies takes place, bureaucrats might feel especially threatened by the prospects of self-government.

¹⁸⁹Cornell, Stephen and Kalt, Joseph. Reloading the Dice: Improving the Chances for Economic Development on American Indian Reservations. Harvard Project on American Indian Economic Development. Malcolm Wiener Center for Social Policy, John F. Kennedy School of Government; Harvard University (March 1992) pp. 14-16

6.0 Conclusions: The Role of Federal Policy in the Economic Development of Manitoba First Nations

Historically, the relationship between economic development in Manitoba First Nations and government policy has not been especially positive. After the signing of the numbered treaties, policies rife with assimilation and paternalism and racism served as direct impediments to the development of sustainable economies for First Nations peoples. Historian Sarah Carter's text, Lost Harvests: Prairie Indian Reserve Farmers and Government Policy provides a detailed account of some of the most damaging early government policies which prevented First nations farmers from achieving the same kind of success as their non-aboriginal neighbors.

Since then, government policies may not have been so obviously detrimental, yet intrinsically they were theoretically unsound, often established for circumstances completely unlike those found on reserves. The greatest paradox being that reserves have been set up as collectives by the Federal government, yet all government economic development policies have been based on neo-classical principles which, may work to some degree in the general economy, but are in themselves incompatible to the collectivist-type controls found within reserves.

Yet the government has shown no real willingness to alter either its economic development policies or its control over reserve structure. Community development

programs which may have been successful under the collectivist government structure were prematurely abandoned by government by the early eighties. Instead, the government has chosen to “strengthen” its commitment to the imposition of “free market economics” through the policies of Industry Canada, Aboriginal Business Canada and Indian Affairs. At the same time, First Nations are struggling with self-government issues and have found the deeply entrenched political structures of the Indian Act are almost impossible to contend with without an absolute commitment from INAC and the Federal Government to dismantle.

The paternalistic government structures, i.e. chiefs and councils established by the Indian Act, have alienated First Nations people from their own personal and cultural traditions and strengths. As Cornell and Kalt note, these governments are not culturally valid and hence cannot serve as appropriate vehicles for development.

However, unless there is a fit between the culture of the community and the structure and powers of its governance institutions, those institutions may be seen as illegitimate, their ability to regulate and organize the development process will be undermined and development will be blocked. Without a match between culture and governing structures, tribal government cannot consistently do its basic job: creating and sustaining the “rules of the game” that development in any society requires.¹⁹⁰

Hence, the likelihood of any real development activity being generated either through the Department or through its imposed government structures, appears weak.

¹⁹⁰Cornell, Stephen and Kalt, Joseph. Reloading the Dice: Improving the Chances for Economic Development on American Indian Reservations. Harvard Project on American Indian Economic Development. Malcolm Wiener Center for Social Policy, John F. Kennedy School of Government; Harvard University (March 1992)

The fundamental inability of INAC or any third party to initiate First Nations economic development was dealt with by the Royal Commission.¹⁹¹

The Commission therefore recommends that

- 2.3.2 All governments in Canada recognize that Aboriginal peoples are nations vested with the right of self-determination.

- 2.3.4 All governments in Canada recognize that the inherent right of aboriginal self-government has the following characteristics
 - (a) It is an existing aboriginal and treaty right that is recognized and affirmed in section 35(1) of the Constitution Act 1982.
 - (b) Its origins lie within aboriginal peoples and nations as political and cultural entities.
 - (c) It arises from the sovereign and independent status of aboriginal peoples and nations before and at the time of European contact and from the fact that aboriginal people were in possession of their own territories, political systems and customary laws at that time.
 - (d) The inherent right of self-government has a substantial degree of immunity from federal and provincial legislative acts, except where, in the case of federal legislation, it can be justified under a strict constitutional standard.

The primary importance of sovereignty and the inherent right to self government are the fundamental findings of the Royal Commission on Aboriginal Peoples. The Federal Government, though it is currently involved in over eighty discussion tables on self-government, has not demonstrated the kind of commitment and support recommended. The experiences of Manitoba region First Nations with the self-government process illustrates the many pitfalls and difficulties in the overall process. According to RCAP:

...in the core areas of jurisdiction, as a matter of principle, Aboriginal peoples have the capacity to implement their inherent right of self-government by self-starting initiatives

¹⁹¹RCAP. Renewal: A Twenty Year Commitment. Vol. 5 Supply and Services Canada (1996) pp. 156-158

without the need for agreements with the federal and provincial governments...¹⁹²

In practice, the Federal Government holds almost complete financial control over First Nations in Manitoba and across Canada. As the Report notes: *Self Government without a significant economic base would be an exercise in illusion and futility.*¹⁹³ This creates a policy void wherein real economic development cannot exist without self-government, and self-government cannot flourish without an economic base for support.

The Royal Commission on Aboriginal Peoples attempts to overcome this difficulty by developing a policy prescription for aboriginal peoples which is broad based, far reaching, and attempts to establish self-government (sovereignty) and economic development simultaneously.

Such a broad endeavor, however, cannot come cheaply and hence the billion dollar plus price tag, in addition to current government expenditures, that comes with the recommendations.

Theoretically, the RCAP recommendations are diverse, although the Harvard model does appear to be a primary resource. The recommendations are also consistent with what

¹⁹² *Ibid.* p.159 (recommendation 2.3.6)

¹⁹³ RCAP. Restructuring the Relationship. Vol. 2 Supply and Services Canada; (1996) p.775

Robert Brent Anderson terms “aboriginal/alternative models” in that they (the recommendations) explicitly acknowledge the diversity and range of situations, experiences and resources in First Nations communities throughout Canada.

One point clearly identified by the RCAP report, and throughout the preceding policy review, is that historically, government policies for aboriginal economic development have been poorly founded and often based on ignorance or self-interest.

History reveals that the economies of Aboriginal nations were not always underdeveloped. Many carried on in largely traditional ways well past the time of first contact and trade with Europeans, while others adapted and flourished. Factors largely outside the reach of human intervention, such as periods of drought, played a role. But the principal factor that brought aboriginal communities to the point of impoverishment over the centuries was the intervention - deliberate or unintended, well intentioned or self-interested - of non-aboriginal society.¹⁹⁴

While this is clearly true in the past, the present range of policy measures aimed at aboriginal economic development do not illustrate significant improvements, with the exception of the HRDC Aboriginal Human Resource Development Strategy.

The majority of INAC policy, which includes CEDOs, the Procurement Strategy for Aboriginal Business, and the Economic Development Opportunities Fund is still paternalistic, hegemonic and too unhealthily entrenched within the First Nations political sphere to provide much long term development value. The policies of Industry Canada and Aboriginal Business Canada, with their deep ideological commitments to free market

¹⁹⁴ *Ibid.* pp. 776-777

capitalism are inept at dealing with on-reserve realities and are unable to generate the type of success they are “modeling” for.

Further, although nationally INAC continues to pronounce recognition of inherent rights and support for self-government, the reality of this support is less clear. The Manitoba Framework Agreement has suffered for the past four years due to poor communication on behalf of the region and consequently, insubstantial and short term funding arrangements.

Less obvious is the deep political and social damage that has happened in the past 150 years due to the de-legitimization of traditional governments and the institutionalization of Indian Act Chiefs and Councils. By taking away culturally relevant and appropriate government and social orders, the federal government has created an immensely complicated situation on-reserves where accountability, legitimacy and broad-based community support are almost impossible. This situation has been the reality on reserves for so long now, that the majority of First Nations members have little or no idea as to how their traditional systems operated, although they still remain suspicious with respect to the current regime.

Further, the current funding relationship between the department and the First Nations does not do enough to ensure openness and accountability. Rather than act as real

government structures on reserve, the bands receive funds from the department and perform INAC defined bureaucratic functions, with the Chief acting in a similar fashion as the old "Indian Agents".

Historically, the department has further encouraged factionalism and internal divisions on-reserve by allowing bands to split up, as long as they established new, Indian Act authorized Chiefs and Councils in the new communities. This policy has led to the creation of First Nations communities with less than 200 members, on and off-reserve, and exacerbates the economies of scale problem with respect to the delivery of services and programs. Because of this, program dollars which are limited to begin with, are further constrained by high administration and overhead costs.

The RCAP Report specifically acknowledges the need for First Nations/Aboriginal groups to establish themselves as more firmly collective groups along national, or at least regional levels.¹⁹⁵ The development of "aboriginal nations" is an essential step in the development of a manageable, realistic and effective self-government regime. Yet again, the Department has done little to discourage the factionalism and political infighting that has occurred within the MFA process.

Currently, there are Manitoba First Nations who are looking at individual models for self-

¹⁹⁵ *Loc. cit.*

government, or are not engaged in the MFA dialogue at all. Although all Manitoba First Nations receive monies to carry on community consultations on MFA, only approximately 50% submit reports to the AMC MFA Office. As such, it is difficult to determine exactly what is going on in the communities and whether or not the grassroots are involved.

Neither Indian Affairs, nor the AMC-MFA seem politically willed enough to establish real power and control within the self-government initiative. The MFA is controlled by a committee of Indian Act Chiefs whose overall vested interests lie within the current regime. As such, it has been unable to exercise even proper administrative controls over the program. Funding decisions are often political and inconsistent with the overall multi-year plans. Overall, the MFA is suffering from immense difficulties as it seems unable to overcome the political difficulties resultant from the Indian Act based government regimes. Yet it is only through self-government can any alternative ever hope to be developed.

There are no immediate or easy solutions to the immense difficulties facing First Nations people in the province of Manitoba. Economic development, in the light of the complex and paradoxical political context they face appears almost impossible, regardless of the level of funding commitments. This dark picture is not to deny that there have been a few micro-success stories for there are individual First Nations individuals, businesses

and even one or two communities, that can be described as economically successful, at least in a relative sense. But there is no First Nations community within Manitoba which meets the definition of “developed” in terms of providing full employment, generating significant local revenues and living conditions equal to those in the rest of Canada for all its members.

Many years of oppressive, paternalistic and culturally genocidal policies have caused serious damage to First Nations and a dramatic policy shift is required immediately in order for any real change to take place. Sovereignty for First Nations, real sovereignty based on indigenous/traditional culture, values, social systems and government must be in place before any true development can take place. This will not be an easy process, because most of the traditions and systems have been lost and/or forgotten. Healing is an essential step for aboriginal people, as is education, or rather, a re-education in all that they have lost.

It is clear that there will not be an easy, quick nor cheap solution. It is also clear that the far-reaching work of the Royal Commission on Aboriginal Peoples contains an important foundation that will start the work required to undo the great damage that has been done. The Government of Canada must, therefore, dust off its copies of the Report and look towards their full and committed implementation. “Gathering Strength” offers too little to provide the sweeping changes that will be necessary to gain momentum for a better

future.

Finally, it is clear that real economic development cannot take place unless it is generated and sustained by the community (local, regional or national) that it will sustain.

Secondly, the appropriate theoretical underpinnings of any economic development modeling cannot be determined until that community can come to terms with its own socio-political-economic identity.

While there have been considerable historical generalizations about the past social, political and economic structures of First Nations people, this cannot fully delineate how such structures are now or should be in the future. Neither can such generalizations appreciate the diversity and range of structures which had developed across literally hundreds of tribal groups adapting and evolving across many different eco-systems.

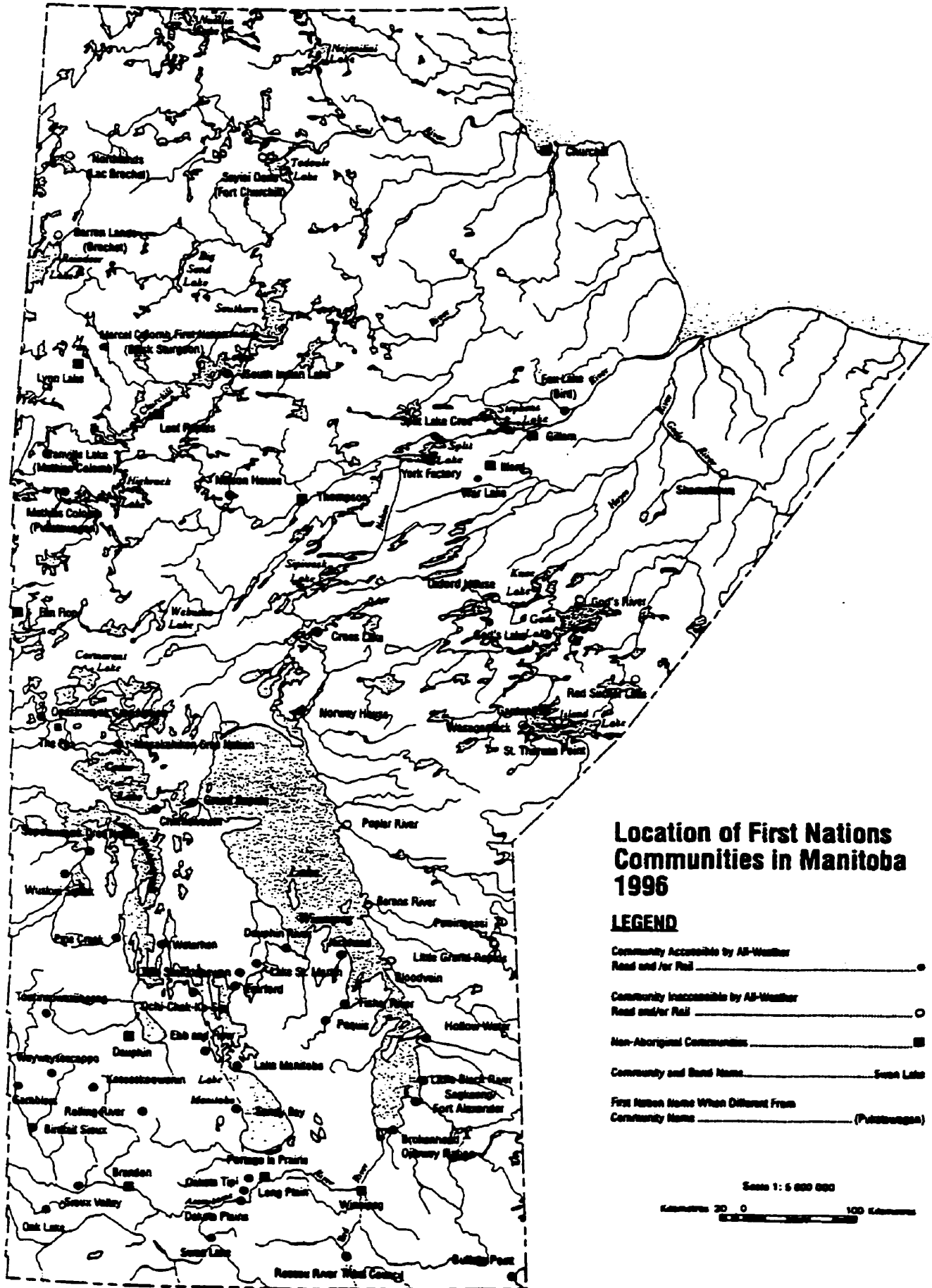
One thing is clear, there is no easy step to take from the way things were, for First Nations people, to the way things should be for self-government in the future. Past traditions, cultures, teachings, institutions etc. have all been changed, transformed, and some have even been completely lost thanks to the persistent efforts of the non-aboriginal world. There is no way to go back and reclaim them completely. However, one thing is very clear. First Nations people cannot rely on the good will or good intentions of others to see that their own best interests are met. Self-government is the only way that First

Nations people can attempt to develop their communities, their lives and their aspirations for the future. And it is only through a long co-evolutionary process can First Nations people come to terms with themselves, who they are, and how they wish to relate with the rest of the world, including Canada, in the future.

Therefore, as the RCAP report confirms, economic development and self-government must proceed together, evolving and adapting over time as circumstances, realities, goals and aspirations change. This, however, cannot occur without the transfer of a significant resource base to First Nations control. The RCAP report calls for a significant increase in the funds that flow from non-aboriginal to First Nations government, yet, to date, the federal government's response has been weak.

One thing is clear, the problem will not go away. First Nations people have defied over one hundred years of policy efforts to assimilate them and absorb them into the mainstream. While they may have been weakened, and some of their traditions lost, they remain a significant "problem" for an industrialized country internationally renown for its humanitarian qualities and high standard of living.

Appendix A



Location of First Nations Communities in Manitoba 1996

LEGEND

- Community Accessible by All-Weather Road and/or Rail ●
- Community Inaccessible by All-Weather Road and/or Rail ○
- Non-Aboriginal Communities ■
- Community and Band Name ----- Seen Later
- First Nation Name When Different From Community Name (Pictographs)

Scale 1: 5 000 000

Kilometers 20 0 100 Kilometers

Appendix B

Aboriginal Funding

FEDERAL PROGRAMS DIRECTED TO ABORIGINAL PEOPLE

1997-98 FISCAL YEAR

ABORIGINAL PROGRAM FUNDING

- Four departments (Department of Indian Affairs and Northern Development (DIAND), Health Canada, Canada Mortgage Housing Corporation (CMHC) and Human Resources Development Canada (HRDC)) are collectively responsible for 97% of total federal funding directed to Aboriginal people.
- DIAND's expenditures represent 71% of all federal funding directed to Aboriginal people, although the focus of DIAND's funding is almost exclusively the Registered Indian population on reserves.
- The administration of funding has largely been devolved to First Nations. In 1996/97, 82% of DIAND's funding was administered by First Nations and Inuit.
- Funding by other departments is "status-blind," directed to the overall Aboriginal population both on and off reserves.
- More than 80% of DIAND's Aboriginal programming expenditures are for basic services which are provided to other Canadians by provincial, municipal and territorial governments.

DIAND's EXPENDITURES (4.3 BILLION)

	(\$M)
Schools, Infrastructure, Housing (23%)	983
Elementary/Secondary Education (21%)	899
Social Assistance (16%)	671
Claims (9%)	367
Social Support Services (8%)	361
Indian Gov't Support (8%)	339
Post-Secondary Education (6%)	275
Administration/Regional Direction/Funding Services (3%)	122
Lands & Trust Services (2%)	92
Northern Affairs* (2%)	88

Economic Development (1%)	57
Self-Government (1%)	39

* reflects proportion of expenditures on the Aboriginal vs Non-Aboriginal population in the North.

TRENDS IN FEDERAL EXPENDITURES

- Federal spending on Aboriginal programs will total about \$6.0 billion in 1997-1998 and involve 13 departments including Indian Affairs and Northern Development (DIAND).
- Aboriginal programs represent 5.7% of total federal program spending.

FUNDING

Growth in DIAND's Aboriginal Program spending has been reduced from 11 percent in 1991-1992 to 2 percent in 1997-1998.

PRESSURES

- *Population growth*: the Status Indian population is expected to grow at a rate of 2.3% on reserves and 2.4% off reserves, putting pressure on the funding of basic service programs (growth rate between 1997-2005).
- *Young population*: 50% of the Status Indian population is under age 25, raising the priority of equipping young people for the future.
- *Closing the gap in basic services*: addressing housing, health and safety issues (water and sewage treatment) is expensive and long-term.
- *Cost of providing services on reserves*: cost is also influenced by geographic location (45 percent of reserves are rural, 19 percent are remote and special access) and acute levels of poverty.
- *Significant progress* has been made but Aboriginal people still lag on virtually all socio-economic indicators.



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Appendix C

Manitoba Region Budget Comparison 1997/98 to 1998/99

As at January 8, 1999

Description	98/99 Budget	97/98 Budget	Difference
Economic Development	8,874,810	7,762,094	1,112,716
Manitoba TLE Settlements	50,486,747	8,015,014	42,471,733
Lands & Trust Services	4,567,805	4,241,994	325,811
Education	173,011,346	176,577,680	(3,566,334)
Social	165,139,950	169,925,996	(4,786,046)
Acq./Constr of Facilities & Housing	105,768,096	156,132,890	(50,364,794)
Facilities and Housing O & M	39,847,869	48,264,695	(8,416,826)
Indian Government Support	40,080,659	42,004,917	(1,924,258)
Consultation and Policy Development	12,792,037	11,693,645	1,098,392
Financial Transfer Agree-Core/Non-Core	35,119,108	10,464,182	24,654,926
Reserve (Social, Nominal Roll)	9,428,165	0	9,428,165
Capital	100,000	0	100,000
Operating Budget	16,704,613	15,828,909	875,704
TOTAL REGION	661,921,205	650,912,016	11,009,188

1998/99 Transfer Payment Budget

As at July 28th, 1998

VCC	Description	DRMS Budget
310	Economic Development	6,774,318.00
322	Forest Fire Protection	125,000.00
347	Social Maintenance & Support	161,450,112.00
651	Grant Social Services Support	799,997.00
359	Acq./Constr of Facilities & Housing	98,366,545.00
380	Band Indebtedness-Capital	3,647,346.00
363	Facilities and Housing O & M	41,849,989.00
372	Indian Government Support	16,112,517.00
640	Band Support Funding	23,733,182.00
325	Financial Transfer Agreement - LTS	96,030.00
390	Financial Transfer Agreement - Core	28,669,845.00
391	Financial Transfer Agreement - Non-Core	2,744,724.00
375	Consultation and Policy Development	1,753,692.00
675	Rep Status Indian Organizations	355,560.00
Total Funding Services		386,478,857.00
331	Education-Youth Strategy	2,357,225.00
375	Consultation and Policy Development	312,252.00
389	Self Government Negotiations	300,000.00
Total GAORS		2,969,477.00
375	Consultation and Policy Development	5,394,000.00
Total MFANO		5,394,000.00
304	Environmental Protection	138,929.00
320	Lands & Estates Management	512,116.00
321	Environmental Partnerships	1,275,171.00
324	Registration Administration	699,354.00
354	Resource Development	182,600.00
375	Consultation and Policy Development	13,000.00
Total Lands & Forest		2,821,170.00
306	Claims Preparation & Submission	25,000.00
311	Manitoba TLE Settlements - Contribution	10,207,996.00
344	Settlement of Specific Claims	18,000.00
616	Manitoba TLE Settlements - Grant	32,858,004.00
Total LECIO		43,109,000.00
331	Education	165,278,141.00
375	Gathering Strength new funds from H.Q.	1,412,500.00
638	Instructional Services Post Secondary Education	82,900.00
Total Education		166,773,541.00
322	Forest Fire Protection	475,000.00
300	Unallocated Core Funding	19,005,087.00
Total Reserve		19,480,087.00
Total Region		627,026,132.00

CAPITAL FUNDING - 98/99 YEAR SUMMARY - NORTH (N)

FIRST NATION	98/99 C/O ALLOC.	98/99 EMERG RESERVE	98/99 BASE ALLOC	98/99 BASE C-31	CAP ACCT.	HOUSING DEMO.	ENVIR. FUND	98/99 ADV.	TOTAL FUNDS 98/99	PREV YRS. ADV.	F.M. SHARE	WINTER ROADS	NET FUNDS 98/99
BARREN LANDS (AFA)		28.0	322.9	90.8		362.3			(100.0)				
CHEWAGWAN													
CROSS LAKE (AFA)		202.2	2,222.9	334.0	180.0				(200.0)	(555.7)			
DEER LAKE (AFA)													
GARDEN HILL		194.8	2,141.8	42.5	113.7		149.2		(100.0)		(148.9)		
GEORGETOWN													
GOD'S RIVER		31.8	348.8	3.2	1,800.0			800.0	(230.0)		(27.8)		
GRAND PRÉ													
MATHAS COLOMB		126.1	1,385.7	130.4	11,223.5		720.7		(800.0)	(300.0)	(24.8)		
MOYAWAKE CREE													
NISICHAWAYASIHK (AFA)		104.7	1,150.9	192.8	350.0						(115.1)		
NORWAY HOUSE (AFA)		208.9	2,298.5	277.1									
OXFORD HOUSE		108.3	1,219.8	25.4	1,009.3		100.1		(312.5)	(225.9)	(65.1)		
SAPOTAWEYAK CREE		39.4	433.3	130.5	98.7						(43.3)		
SHAMATTAWA (AFA)		80.8	885.9	15.4	1,133.5	1,000.0			(100.0)				
ST. THERESA POINT		172.4	1,894.7	15.5	11,483.7				(200.0)	(309.5)	(123.8)		
WASAGAMACK		84.1	924.2	8.8	28.9				(100.0)		(58.8)		
YORK FACTORY (AFA)		20.1	240.8	87.2	40.0	348.0			(100.0)		(15.8)		
TOTALS	0.0	1,957.4	21,831.3	2,442.8	35,066.5	2,280.8	1,083.1	1,571.8	(3,477.2)	(2,435.2)	(614.0)		

* Various Includes Was/St. T. Airport

Note: Other - Minister of Finance, Province - Winter Roads & Innovative Housing \$937.8

CAPITAL FUNDING - 98/99 YEAR SUMMARY - SOUTH (S)

DESTINATION	98/99	98/99	98/99	98/99	CAP	HOUSING	ENVR.	98/99	TOTAL	PREV	F.M.	WINTER	NET
	C/O	EMERG	BASE	BASE									
	ALLOC.	RESERVE	ALLOC.	C-31			FUND		98/99				98/99
BERENS RIVER		61.3	673.9	136.5	5,554.4				6,226.1	(85.5)	(112.3)	(27.4)	5,998.9
BLOODYMEN		15.0			0.0				15.0	(100.0)			(85.0)
BLOODYMEN		30.4	334.6	30.9					365.9		(29.4)	(43.1)	293.4
BLOODYMEN		17.2	(87.5)	(11.2)	38.0		237.5		136.0				136.0
BUFFALO POINT (AFA)		1.8	31.0	15.5					48.3	(48.3)			0.0
CLAYTON (DAKOTA)		19.5	237.7	23.0					260.2	(60.0)			200.2
DAKOTA PLAINS		8.6	94.4	0.0					103.0				103.0
DAUPHIN RIVER		7.9	87.0	2.5					97.4	(79.0)			18.4
FAIRFORD		59.1	649.9	88.8	517.0				1,214.8	(158.0)			1,056.8
FAIRFORD		17.2	74.5	9.1					100.8	(200.0)			(99.2)
GAMBLERS		1.8	31.0	23.8					56.6				56.6
JACKHEAD		12.5	137.7	31.8			916.6		966.6			(15.0)	951.6
LAKE MAMTOBA		39.0	429.0	38.1					496.1	(194.5)			301.6
LITTLE BLACK RIVER		18.7	205.4	32.3	480.0		247.3		773.4	(15.0)			758.4
LITTLE SASKATCHEWAN		21.2	233.2	45.5	100.0				300.9	(55.0)			245.9
O-CHI-CHAK-KO-SHI (AFA)		14.4	157.9	50.2					222.5		(26.3)		196.2
PEGUIS (FTA)		127.9	1,405.4	698.8	900.0				3,132.1	(500.0)			2,632.1
POPLAR RIVER		61.2	672.3	42.5	5,828.8				6,564.8	(375.0)	(168.1)	(17.2)	6,004.5
ROSEAU RIVER		47.4	521.3	20.6	3,550.5		100.0		3,719.2	(276.6)			3,442.6
SANDY BAY		137.0	1,508.3	176.2	400.0		519.5		2,640.0	(191.0)	(120.0)		2,329.0
SWAN LAKE (AFA)		23.8	261.7	26.0					311.5	(215.7)	(150.6)		(4.8)
WATERHEN		23.7	260.4	52.5	74.0				310.6	(196.8)	(65.1)		58.7
WATWAYSECAPOON		49.9	545.0	38.6	17.6				641.1		(137.0)		504.1
VARIOUS*					232.4				232.4				232.4
TOTALS	10.6	1,432.0	15,907.1	2,786.4	18,885.8	1,950.8	965.9	2,500.0	24,438.6	(3,715.0)	(909.6)	(129.6)	20,684.4

* Various Includes IRTC Mapping

Appendix D

Manitoba Region Indian and Northern Affairs Canada
Economic Development Opportunity Fund 1998/99

Title	Sector	Equity	Financing	Opp. Funding	Total Project	Approved
Jackhead First Nation David Traverse	Gas Bar Convenience Store	\$19,000	\$51,959	\$19,000	\$89,959	approved by Minister
Waywaysecappo	Motel	\$844,957	\$3,284,726 Peace Hills	\$250,000	\$4,379,683	approved by Minister
Errol/Richard Bruyere Sagkeeng First Nation	Hardware/Plumbing	\$36,350	158,000 Royal Bank \$72,650 HRDC	\$36,000	\$303,000	approved by Minister
Edwin Twoheart Sagkeeng First Nation	Oil & Lube	\$30,000	\$127,500 Royal Bank	\$30,000	\$187,500	approved by Minister
Opaskwayak Cree Nation/Paskwayak Business Development Corporation	Shell Gas Station & Convenience Store	\$400,000	\$360,000	\$245,000	\$1,005,000	approved by PRC
St. Theresa Point First Nation	Motel Complex	\$400,000	\$765,000	\$75,000	\$1,240,000	approved by PRC
Rosea River/Ken Egachie	Vehicle Repair	\$5,000	\$30,000	\$5,000	\$40,000	approved PRC
Sayisi Dene First Nation/Thulu	Expansion/Winter Road	\$404,270	\$205,000	\$100,000	709,270	approved PRC
Oxford House First Nation/Steven North	Auto Supply/Convenience Store	\$8,414	\$15,000	8,313 8313	\$32,227	approved PRC
NMFNDC	Pharmacy	\$25,000	\$54,000 \$100,450 JV	\$25,000	\$205,000	approved PRC

Total Approved Projects to Date
1998/1999 Budget
Less Approved To Date
Cash Available

\$1,168,000
\$ 793,313
\$ 374,687

\$793,313

Manitoba Region Indian and Northern Affairs Canada
 Economic Development Opportunity Fund 1998/99
 In House Financial Requests

Title	Sector	Equity	Financing	Opp. Funding	Total Project	Approved
Dakota Tipi	Gas Bar Convenience Store	\$156,800	\$125,000 Peace Hills	\$100,000	\$381,000	Ready for Assessment
Peguis	Mall	\$650,000	\$1,890,000 Royal Bank	\$250,000 EDOF \$810,000 ABC	\$3,600,000	Ready for Assessment
Ronald Wilson Peguis First Nation	Pinecone Dairy Bar	\$40,000	24,465 CIBC	\$40,000	\$104,465	Ready for Assessment
Four Winds WREDC	Expand & Modernize store at Airport	\$22,000	\$66,000	\$22,000	\$110,000	Need to project costs

Total Request

\$412,000

1998/1999 Budget
 Less Approved To Date
 Cash Available
 Total Requests
 Therefore Need to Request

\$1,168,000

\$ 793,313

\$ 374,687

\$ 412,000

\$ 37,313

Appendix E

1997/1998 ECONOMIC DEVELOPMENT REGIONAL SUMMARY - ACCEPTABLE REPORTS

REGION: MANITOBA

Total Number of Recipients	
CFA	24
AFA	11
FTA	1
Total	36

B FINANCIAL SUMMARY

REVENUES (\$)		EXPENDITURES/INVESTMENTS (\$)	
201 DIAND, CED (CEDO/ROP)	6,482,239	211 Administration/Operations Project Funding	3,065,891
202 DIAND, RAN	144,000	212 Training & Employment	4,057,923
203 DIAND, Other	229,632	213 Business Support	2,267,557
204 HRDC, Pathways	4,447,912	214 Resource Mgt. Support	329,053
205 IC, ABC	45,743	Other	
206 Other Federal	227,710	215 Ec devp related	1,478,424
207 Prov/Terr/Muni	90,129	- Other (specify)	
208 Band Funds	500,321	216	565,727
209 Other	267,313	217 - Business Losses	
- Business profits	419,732	218 TOTAL Expenditures	11,764,575
210 TOTAL Revenues	12,854,731		

C STATISTICAL INFORMATION

	300 1997/98 actual	301 1998/99 proj
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TRAINING and EMPLOYMENT RESULTS

Total # of people placed in training programs		
302 # Employed at time of training	391	473
303 # Unemployed (& not in receipt of social assistance) at time of training	773	540
304 # In receipt of social assistance at time of training	824	680
305 # of people continuing in employment after training	369	427
306 # of unemployed people placed in employment after training	131	236
307 # of social assistance recipients placed in employment after training	254	290
308 Total number training days	49010	172663
309 Indirect funds (\$'s) levered by the CEDO	80,000	

BUSINESS SUPPORT RESULTS

Total # of businesses assisted during the year (expansion)		
310 # of existing businesses which received technical support	181	166
311 # of existing businesses expanded	60	71
312 # of jobs created by business expansion	107	206
313 Indirect funds (\$'s) levered by the CEDO to support business expansions	427,508	
Total # of businesses assisted during the year (establishment)		
314 # of new businesses which received technical support	180	195
315 # of new businesses started	143	136
316 # of jobs created by new business	286	333
317 Indirect funds (\$'s) levered by the CEDO to support new businesses	613,689	

RESOURCE MANAGEMENT SUPPORT RESULTS

Total # of resource related projects assisted:		
318 # of resource projects which received technical support	54	63
319 # of jobs created by these resource-related projects	281.5	209
320 Indirect funds (\$'s) levered by the CEDO to support these resource project	107,753	

OTHER ECONOMIC DEVELOPMENT RELATED ACTIVITIES

321 # of other related activities which received technical support	82	52
322 # of jobs created by these other related activities	473	247
323 Indirect funds (\$'s) levered by the CEDO to support other related activities	482,049	

1997/1998 ECONOMIC DEVELOPMENT

DATA FORM - Read Only

Region: MANITOBA



A IDENTIFICATION & BUSINESS DATA

101 Recipient:	First Nation A	Exception:	No
102 Recipient Number:		Test Result:	Pass
103 Contact:			
104 Phone:			
105 Position:			
106 Fax:			
107 Recipient Type:	1	(1 = CFA; 2 = AFA; 3 = FTA)	

B FINANCIAL SUMMARY

REVENUES (\$)		EXPENDITURES/INVESTMENTS (\$)	
201 DIAND, CED (CEDO/ROP)	68,000	211 Administration/Operations Project Funding	20,000
202 DIAND, RAN	10,000	212 Training & Employment	12,000
203 DIAND, Other	5,000	213 Business Support	22,000
204 HRDC, Pathways	10,000	214 Resource Mgt. Support	8,000
205 IC, ABC	0	Other	
206 Other Federal	0	215 Ec devp related	46,000
207 Prov/Terr/Muni	0	- Other (specify)	
208 Band Funds	0	216	0
209 Other:	0	217 - Business Losses	0
- Business profits	15,000	218 TOTAL Expenditures	108,000
210 TOTAL Revenues	108,000		

C STATISTICAL INFORMATION

300 1997/98 (actual) 301 1998/99 (p/c)

TRAINING and EMPLOYMENT RESULTS

Total # of people placed in training programs		
302 # Employed at time of training	11	10
303 # Unemployed (& not in receipt of social assistance) at time of training	4	2
304 # In receipt of social assistance at time of training	10	4
305 # of people continuing in employment after training	11	10
306 # of unemployed people placed in employment after training	2	1
307 # of social assistance recipients placed in employment after training	8	3
308 Total number training days	30	25
309 Indirect funds (\$'s) levered by the CEDO	0	

BUSINESS SUPPORT RESULTS

Total # of businesses assisted during the year (expansion)		
310 # of existing businesses which received technical support	2	3
311 # of existing businesses expanded	2	3
312 # of jobs created by business expansion	16	2
313 Indirect funds (\$'s) levered by the CEDO to support business expansions	0	
Total # of businesses assisted during the year (establishment)		
314 # of new businesses which received technical support	2	3
315 # of new businesses started	2	1
316 # of jobs created by new business	10	2
317 Indirect funds (\$'s) levered by the CEDO to support new businesses	0	

RESOURCE MANAGEMENT SUPPORT RESULTS

Total # of resource related projects assisted:		
318 # of resource projects which received technical support	2	1
319 # of jobs created by these resource-related projects	1	1
320 Indirect funds (\$'s) levered by the CEDO to support these resource project	0	

OTHER ECONOMIC DEVELOPMENT RELATED ACTIVITIES

321 # of other related activities which received technical support	1	1
322 # of jobs created by these other related activities	8	1
323 Indirect funds (\$'s) levered by the CEDO to support other related activities	15,000	

1997/1998 ECONOMIC DEVELOPMENT

DATA FORM - Read Only

Region: MANITOBA

A. IDENTIFICATION & BUSINESS DATA

101 Recipient:	First Nation B	Exception:	No
102 Recipient Number:		Test Result:	Pass
103 Contact:			
104 Phone:			
105 Position:			
106 Fax:			
107 Recipient Type:	1	(1 = CFA; 2 = AFA; 3 = FTA)	

B. FINANCIAL SUMMARY

REVENUES (\$)		EXPENDITURES/INVESTMENTS (\$)	
201 DIAND, CED (CEDO/ROP)	48,483	211 Administration/Operations	7,997
202 DIAND, RAN	0	Project Funding	
203 DIAND, Other	0	212 Training & Employment	94,385
204 HRDC, Pathways	70,936	213 Business Support	17,037
205 IC, ABC	0	214 Resource Mgt. Support	0
206 Other Federal	0	Other	
207 Prov/Terr/Muni	0	215 Ec devp related	0
208 Band Funds	0	- Other (specify)	
209 Other:	0	216 0	0
- Business profits	0	217 - Business Losses	0
210 TOTAL Revenues	119,419	218 TOTAL Expenditures	119,419

C. STATISTICAL INFORMATION

300 1997/98 actual 301 1997/98 (proj)

TRAINING and EMPLOYMENT RESULTS

Total # of people placed in training programs			
302 # Employed at time of training	1		4
303 # Unemployed (& not in receipt of social assistance) at time of training	0		6
304 # In receipt of social assistance at time of training	10		8
305 # of people continuing in employment after training	1		4
306 # of unemployed people placed in employment after training	0		2
307 # of social assistance recipients placed in employment after training	1		4
308 Total number training days	60		2,550
309 Indirect funds (\$'s) levered by the CEDO	0		

BUSINESS SUPPORT RESULTS

Total # of businesses assisted during the year (expansion)			
310 # of existing businesses which received technical support	2		4
311 # of existing businesses expanded	0		2
312 # of jobs created by business expansion	0		2
313 Indirect funds (\$'s) levered by the CEDO to support business expansions	0		
Total # of businesses assisted during the year (establishment)			
314 # of new businesses which received technical support	0		1
315 # of new businesses started	0		1
316 # of jobs created by new business	0		2
317 Indirect funds (\$'s) levered by the CEDO to support new businesses	0		

RESOURCE MANAGEMENT SUPPORT RESULTS

Total # of resource related projects assisted:			
318 # of resource projects which received technical support	0		2
319 # of jobs created by these resource-related projects	0		0
320 Indirect funds (\$'s) levered by the CEDO to support these resource project	0		

OTHER ECONOMIC DEVELOPMENT RELATED ACTIVITIES

321 # of other related activities which received technical support	0		2
322 # of jobs created by these other related activities	0		3
323 Indirect funds (\$'s) levered by the CEDO to support other related activities	0		

1997/1998 ECONOMIC DEVELOPMENT

DATA FORM - Read Only

Region: MANITOBA

A: IDENTIFICATION & BUSINESS DATA

101 Recipient:	Cree Nation	Exception:	No
102 Recipient Number:		Test Result:	Pass
103 Contact:			
104 Phone:			
105 Position:	CEDO		
106 Fax:			
107 Recipient Type:	2	(1 = CFA; 2 = AFA; 3 = FTA)	

B: FINANCIAL SUMMARY

REVENUES (\$)		EXPENDITURES/INVESTMENTS (\$)	
201 DIAND, CED (CEDO/ROP)	395,193	211 Administration/Operations	171,917
202 DIAND, RAN	0	Project Funding	
203 DIAND, Other	0	212 Training & Employment	516,886
204 HRDC, Pathways	536,358	213 Business Support	105,276
205 IC, ABC	0	214 Resource Mgt. Support	106,866
206 Other Federal	0	Other	
207 Prov/Terr/Muni	0	215 Ec devp related	30,606
208 Band Funds	0	- Other (specify)	
209 Other:	0	216 0	0
- Business profits	0	217 - Business Losses	0
210 TOTAL Revenues	931,551	218 TOTAL Expenditures	931,551

C: STATISTICAL INFORMATION

300 1997/98 actual 301 1998/99 est.

TRAINING and EMPLOYMENT RESULTS

Total # of people placed in training programs		
302 # Employed at time of training	11	20
303 # Unemployed (& not in receipt of social assistance) at time of training	6	30
304 # In receipt of social assistance at time of training	54	30
305 # of people continuing in employment after training	9	7
306 # of unemployed people placed in employment after training	4	11
307 # of social assistance recipients placed in employment after training	13	9
308 Total number training days	2,441	2,500
309 Indirect funds (\$'s) levered by the CEDO	0	

BUSINESS SUPPORT RESULTS

Total # of businesses assisted during the year (expansion)		
310 # of existing businesses which received technical support	16	20
311 # of existing businesses expanded	5	1
312 # of jobs created by business expansion	10	2
313 Indirect funds (\$'s) levered by the CEDO to support business expansions	0	
Total # of businesses assisted during the year (establishment)		
314 # of new businesses which received technical support	16	20
315 # of new businesses started	8	5
316 # of jobs created by new business	10	20
317 Indirect funds (\$'s) levered by the CEDO to support new businesses	0	

RESOURCE MANAGEMENT SUPPORT RESULTS

Total # of resource related projects assisted:		
318 # of resource projects which received technical support	3	5
319 # of jobs created by these resource-related projects	115	15
320 Indirect funds (\$'s) levered by the CEDO to support these resource project	0	

OTHER ECONOMIC DEVELOPMENT RELATED ACTIVITIES

321 # of other related activities which received technical support	17	1
322 # of jobs created by these other related activities	0	2
323 Indirect funds (\$'s) levered by the CEDO to support other related activities	0	

Appendix F

Provincial Standards Tests

Inadequate resources in First Nations schools are ultimately having serious negative effects on students.

This is clear from the provincial standards test scores. For example, the grade 3 math results are:

Provincial Test Results - GRADE 3 MATH (1997)

<u>AREA</u>	<u>AVG FOR ALL SCHOOLS</u>
KTC	26.6
WRTC	33.6
IRTC	24.1
SCTC	36.5
DOTC	42.8
SERDC	25.5
*INDEPENDENT SCHOOLS	23.0
ALL FIRST NATIONS SCHOOLS	33.3
PROVINCE	58.6

*based on 3 independent schools

MNERC NEEDS ASSESSMENT

S4 ENGLISH LANGUAGE ARTS (1998)

<u>SCHOOL</u>	<u>AVERAGE</u>
ALL T.Cs.	41.4
INDEPENDENTS	45.1
ALL F.N. SCHOOLS	43.25
PROVINCE	67.1

* based on 2 Independent schools

S4 ENGLISH LANGUAGE ARTS (1997)

<u>SCHOOL</u>	<u>AVERAGE</u>
ALL T.Cs.	38.6
INDEPENDENTS	30.6
ALL F.N. SCHOOLS	34.6
PROVINCE	84.0

* based on 2 Independent schools

MNERC NEEDS ASSESSMENT

S4 MATHEMATICS (1997 – 40S)

<u>SCHOOL</u>	<u>AVERAGE</u>
ALL T.Cs.	16.1
INDEPENDENTS	23.0
ALL F.N. SCHOOLS	19.6
PROVINCE	55.6

* based on 1 Independent school

S4 MATHEMATICS (1998 – 40S)

<u>SCHOOL</u>	<u>AVERAGE</u>
ALL T.Cs.	12.4
INDEPENDENTS	16.6
ALL F.N. SCHOOLS	14.5
PROVINCE	60.7

* based on 1 T.C. affiliated school, and 2 Independent schools

MNERC NEEDS ASSESSMENT

S4 MATHEMATICS (1997 – 40G)

<u>SCHOOL</u>	<u>AVERAGE</u>
ALL T.Cs.	34.9
INDEPENDENTS	39.1
ALL F.N. SCHOOLS	37.0
PROVINCE	61.8

* based on 1 Independent school

S4 MATHEMATICS (1998 – 40G)

<u>SCHOOL</u>	<u>AVERAGE</u>
ALL T.Cs.	29.3
INDEPENDENTS	31.7
ALL F.N. SCHOOLS	30.5
PROVINCE	65.6

* based on 2 T.C. Affiliated schools, 1 Independent schools

MNERC NEEDS ASSESSMENT

Appendix G

News Release Communiqué

1-98123

GATHERING STRENGTH ANNIVERSARY MARKS PROGRESS

OTTAWA (January 7, 1999) — The Government of Canada reported progress today in areas from health and justice to economic development and land claims, as it marked the first anniversary of *Gathering Strength—Canada's Aboriginal Action Plan*.

Gathering Strength set out commitments under four themes: renewing the partnerships; strengthening Aboriginal governance; developing a new fiscal relationship; and building strong communities, people and economies.

"Over the past year, our priority has been to build the foundation for lasting change," said Jane Stewart, Minister of Indian Affairs and Northern Development. "We have worked hard to renew partnerships with Aboriginal people through the Statement of Reconciliation, the Aboriginal Healing Foundation, as well as day-to-day partnership approaches to setting priorities and resolving issues. Within this evolving relationship based on trust and mutual responsibility, we have a solid basis for moving ahead together."

"Our challenge now is to take the foundation we have laid and build on it to make a tangible difference in the individual lives of Métis, First Nations and Inuit all across Canada," added Minister Goodale, Federal Interlocutor for Métis and Non-Status Indians. "It will take the efforts of governments, Aboriginal people, the private sector, the voluntary sector, organizations and individuals working together to continue to achieve change."

There is an urgency to the *Gathering Strength* government-wide plan because, notwithstanding some improvements, social, economic and health indicators in Aboriginal communities are far below those of their non-Aboriginal neighbours. Discrepancies in living standards between Aboriginal and non-Aboriginal people are compounded by an Aboriginal population growth rate that is double that of the overall Canadian population. Almost two-thirds of Aboriginal people are under 30, and about 35 percent of reserve residents are under the age of 15. These factors are dramatically increasing demand for school space, housing, public infrastructure, social services and jobs.

"In year two of *Gathering Strength*, in partnership with Aboriginal people, we will focus on increasing self-sufficiency," said Minister Stewart. "We will work to ensure that Aboriginal people have the skills and expertise to shape their own solutions. The vision we see is sustainable and accountable Aboriginal governments, leading healthy, self-sufficient and economically-viable communities."

Several federal government departments are meeting the needs of Aboriginal people through

Gathering Strength, including Canadian Heritage, the Department of Fisheries and Oceans, Correctional Services Canada, Health Canada, Human Resources and Development Canada, Industry Canada, the Department of Justice, Natural Resources Canada, the Solicitor General and Statistics Canada. An update of *Gathering Strength* activities and progress is attached.

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[News] [Français]

BACKGROUND

Gathering Strength – Canada's Aboriginal Action Plan

What?

Gathering Strength, launched last year in response to the report of the Royal Commission on Aboriginal Peoples, is a sustainable, long-term plan that is leading to stronger and more self-sufficient Aboriginal communities. It is based on recognizing past mistakes and injustices; commencing reconciliation, healing and renewal; and building a joint plan to support economic development and strong, sustainable Aboriginal governments.

Why?

Although improvements have been made over the years, conditions in Aboriginal communities still fall below those of their non-Aboriginal neighbours.

Some Aboriginal communities face housing shortages and a lack of amenities like hot and cold running water and flush toilets. The unemployment rate on reserves is about 29 percent, nearly three times the Canadian rate, and the unemployment rate for registered Indians off reserves is about 26 percent. Furthermore, many Aboriginal communities continue to lack the appropriate resources and expertise needed to deal effectively with such serious problems as high rates of infant mortality, youth suicide, and dependence on social assistance which are higher than the national average.

The need to address the discrepancies in living standards between Aboriginal and non-Aboriginal people is compounded by the fact that the Aboriginal population is growing about twice as fast as the overall Canadian population. Moreover, almost two-thirds of Aboriginal people are under 30, and about 35 percent of reserve residents are under the age of 15, which is increasing the demand for school space, housing, public infrastructure, social services and jobs.

Government restraint at all levels has limited the financial resources available, forcing Aboriginal leaders to make some very difficult choices respecting spending priorities in their communities.

The Government of Canada is committed to working with Aboriginal people to build skills and expertise that help them develop their own solutions. As more responsibilities are devolved to Aboriginal people, they gain more governance experience. This, in turn, leads to more sustainable and accountable Aboriginal governments, increased self-sufficiency and economic independence — in short, the means to build capacity and to effect social change.

When?

Gathering Strength, launched on January 7, 1998, set long-term objectives that will bring meaningful change to the everyday lives of Aboriginal people. Through the joint implementation of activities developed in partnership, we are taking steps today to give Aboriginal people—particularly Aboriginal youth and children—the promise of a better tomorrow.

Who?

The success of *Gathering Strength* will depend on the determination and goodwill of Canada, provincial and territorial governments, municipalities and the private sector working with Aboriginal people. The challenges faced by Aboriginal people and communities can only be met if Canadians work together.

How?

The report of the Royal Commission on Aboriginal Peoples told us that real change could only emerge after a meaningful reconciliation of historic grievances. On January 7, 1998, the Government of Canada presented a Statement of Reconciliation to Aboriginal people and committed \$350 million for community-based healing managed by Aboriginal people. This opened the door to a stronger partnership and positive change. We are shaping a common vision for the future based on the mutually supportive and interdependent themes of *Gathering Strength*.

Gathering Strength has an integrated agenda. Solid partnerships, stronger Aboriginal governance, increased fiscal self-sufficiency and accountability lead to stronger Aboriginal communities, economies and people. None of these elements works in isolation. So, in the same way, when we improve living conditions, develop employment-related skills and promote economic development, we also develop capacity for good governance and accountability.

Gathering Strength-Canada's Aboriginal Action Plan A Progress Report – Year One

Renewing the Partnerships

We are creating the working partnerships necessary to jointly address needed reforms, through reconciliation and healing, and joint work on program design and implementation.

Some Key Achievements

- The Government of Canada's **Statement of Reconciliation** addressed a series of historic grievances of Aboriginal people, acknowledged the need for a healing process, and set the stage for the new partnership.
- The Government of Canada provided **\$350 million** for a healing initiative to address the legacy of physical and sexual abuse at residential schools.
- The **Aboriginal Healing Foundation**, an Aboriginal non-profit corporation established to administer and manage the \$350 million healing fund, is supporting community-based healing initiatives to address the legacy of physical and sexual abuse at residential schools.
- An **Agenda for Action with First Nations** was developed jointly with the Assembly of First Nations (AFN) as the framework to implement *Gathering Strength* at the national, regional and community levels.
- An **Inuit Action Plan** is jointly being developed with the Inuit Tapirisat of Canada (ITC) to ensure unique Inuit priorities are part of the decision-making process.
- A **Métis National Council (MNC) Action Plan** has been developed to provide a framework for the MNC and its affiliates to conduct follow-up *Gathering Strength* consultations.

- **An Accord with the Congress of Aboriginal Peoples (CAP)** establishes mutual priorities, such as the need to develop government structures and institutions to address Aboriginal interests off reserves.
- **Federal, Provincial and Territorial Ministers and National Aboriginal Leaders** met in May 1998 to move beyond jurisdictional issues and find better ways to work together to achieve practical results.
- **Joint public education** efforts with regional and national Aboriginal organizations are under way to increase public awareness of Aboriginal issues.
- **On urban Aboriginal issues**, the Government of Canada published an updated Guide to Federal Initiatives for Urban Aboriginal People; continues to participate in the Aboriginal Single Window Initiative in Winnipeg; and organized two round tables on urban issues involving federal, provincial, municipal, Aboriginal and private sector representation.
- **New regional agendas**, similar to the national Agenda for Action with First Nations, have been signed between the Department of Indian Affairs and Northern Development's (DIAND's) Saskatchewan Region and the Federation of Saskatchewan Indian Nations (FSIN), DIAND's Ontario Region and Grand Council Treaty No. 3 and the Union of Ontario Indians, and DIAND's Atlantic Region and the Mi'kmaq and Maliseet First Nations Chiefs.
- **A Treaty Commemoration Statement** signed by the Nova Scotia Mi'kmaq, Canada and Nova Scotia acknowledges the longstanding treaty relationship.

Strengthening Aboriginal Governance

We are working with our Aboriginal partners to strengthen their ability to govern themselves in an effective and accountable manner by negotiating new government-to-government relationships, supporting capacity and professional development, and the delivery of programs to Aboriginal people.

Some Key Achievements

- More than 80 **self-government agreements** are in various stages of negotiation across the country.
- National and regional programs are in place to strengthen Aboriginal **capacity for self-government** and the administration of programs to develop skills in management and leadership areas such as the roles of elected officials and human resources management.
- **Memoranda of Understanding** have been reached to guide self-government negotiations between Canada, Métis and off-reserve groups, and provincial governments, in British Columbia, Alberta, Saskatchewan, and Manitoba.
- More than 1,500 First Nation administrators received training in land, resource, environmental and financial management, statistics, and law making, including 83 First Nation representatives in the **Lands Management Training Program**.
- DIAND and the AFN are working together to enable the **transfer of the delivery of Lands and Trust Services** to First Nations. To prepare for the change, lands administrators are developing regional networks among First Nation communities.
- **Self-government Agreements-In-Principle** were reached with Westbank in British Columbia and the United Anishnaabeg Councils in Ontario.
- A **Final Agreement with the Nisga'a Tribal Council**, the Government of Canada and British Columbia was initialled, settling a century-old land claim and advancing self-government.
- An AFN-DIAND joint task force has produced recommendations on the creation of an **Independent Claims Body** to improve the effectiveness of the specific claims process.

- A self-government framework agreement was reached with the **Union of Ontario Indians**.
- In Saskatchewan, the FSIN, the Office of the Treaty Commissioner and the Government of Canada are undertaking exploratory treaty discussions, with the province of Saskatchewan participating as an observer. This has resulted in a **Statement of Treaty Issues**.
- A Declaration of Intent was reached with **Treaty 8** in Alberta to begin a treaty and self-government process.
- The **First Nations Land Management Act** was introduced in Parliament to enable 14 First Nations to establish their own lands and resource management regimes.
- Five First Nations are participating in the **First Nations Oil and Gas Management Initiative**, a pilot project leading to First Nations' full management and control of oil and gas resources on reserves.

Developing a New Fiscal Relationship

We are working with our partners to develop new fiscal relationships which are more stable, accountable and encourage greater self-reliance in support of Aboriginal governments.

Some Key Achievements

Designing New Fiscal Arrangements

- **Tripartite Fiscal Relations and Governance Tables**—involving the federal government, the FSIN and Saskatchewan—are designing new models of intergovernmental transfer arrangements.
- The Government of Canada is working with the AFN to create a **National Fiscal Relations Table** which will advance the development of government-to-government transfer systems.
- On January 1, 1999, a **new taxation regime** for Aboriginal people living in the Yukon and tax collection agreements for the seven self-governing First Nations were implemented.

Developing Stronger Accountability

- First Nations are assessing their management practices and developing fiscal by-laws, policies and systems based on the principles of **transparency, disclosure and redress**, consistent with other governments in Canada, and in ways appropriate to their traditions.
- Alberta Chiefs are developing strong **financial accountability practices** which stress community information-sharing and the rights and obligations of band members.
- Six First Nations, with DIAND support, are testing ways to **strengthen performance reporting**.

Developing Financial Skills and Capacity in First Nations

- In partnership, the AFN and the Certified General Accountants' Association of Canada are examining the appropriateness and application of **accounting standards** to First Nations needs, and increasing professional training opportunities.
- Aboriginal Financial Officer Associations are forming **national and regional networks to increase professional training** and provide advice to support First Nation governments.
- The FSIN is working with Canada and Saskatchewan to develop an **Aboriginal statistical unit** to support effective intergovernmental fiscal negotiations.

Streamlining the Funding Process

- The Government of Canada is developing **multi-year funding agreements** with streamlined reporting requirements for Métis and off-reserve groups, to provide more stability, predictability, consistency and accountability in fiscal matters.

Supporting Strong Communities, People and Economies

Supporting strong communities, people and economies is about fostering and promoting adequate community infrastructure, a skilled workforce, strong and fiscally accountable governance structures and a stable business climate.

Investing in People

Linking Social Assistance to Training and Development

- A national **Policy Coordinating Group** including the AFN, Human Resources Development Canada (HRDC) and DIAND is developing a framework for welfare reforms.
- 86 First Nations are participating in seven **welfare demonstration projects** to implement reforms that will build capacity and link welfare with training, healing and employment opportunities.
- **Regional agreements** on developing social welfare reforms have been signed with the Atlantic Policy Congress and the Secretariat of the Assembly of the First Nations of Quebec and Labrador.

Working with Aboriginal Organizations to Develop New Training Opportunities

- An **Aboriginal Human Resource Development Council** was created with the federal and provincial governments, representatives of national Aboriginal organizations and the private sector.
- HRDC's **Aboriginal Human Resource Development Strategy** will support stronger Aboriginal communities by helping Aboriginal people prepare for, obtain and keep jobs. The five-year strategy which comes into effect on April 1, 1999, integrates all Aboriginal programming, including labour market programs, youth programs, programs for Aboriginal people living in urban areas, programs for persons with disabilities and child care.
- More than 17,000 First Nations and Inuit youth benefit annually from participation in the **First Nations and Inuit Youth Employment Strategy** which provides workforce training and experience.
- The **First Nations Employment and Training Centre** boosts Aboriginal employment and training in the oil and gas industry.
- The **Aboriginal Masters Program** recruits candidates with a Masters degree for middle management jobs in the federal public service.
- The **Aboriginal Workforce Participation Initiative** helps increase employment by working with employers on strategies to recruit, retrain and promote Aboriginal people.

Improving Education

- DIAND and the AFN are working to improve education by supporting **38 education reform**

projects.

- The BC Ministry of Education, First Nations and DIAND are working on **special needs and governance**.
- Alberta's Tribal Chiefs Institute is developing **Cree learning tools** for junior high schools.
- Mi'kmaw Kina'matnewey, the Nova Scotia Ministry of Education, Canadian Heritage, HRDC and DIAND are developing **Aboriginal studies and language curricula** for use in band and provincial schools.
- DIAND is working with a First Nations Education Council representing 21 Quebec First Nations on a major **special needs education pilot project**.
- An **Education Centre for Excellence** is being established in Manitoba.

Improving Health and Public Safety

Housing and Infrastructure and Safe Communities

- A new **Housing Innovation Fund** is promoting capacity development and innovation in housing. Eight projects are under way.
- DIAND funded 54 **water and sewer projects** across the country in 1998-1999.
- The **Aboriginal Justice Learning Network** continues to offer training and support for Aboriginal people in the management of community-based programs.
- The Solicitor General continues to implement the **First Nations Policing Policy**. More than 760 fully trained Aboriginal police officers serve some 224,000 people in 316 Aboriginal communities.

Promoting Healthy Living of Mind, Body and Spirit

- Health Canada, with DIAND, HRDC and First Nations, expanded the **Aboriginal Head Start Program** to give Aboriginal children living on and off reserves a nurturing pre-school environment.
- Health Canada, AFN, ITC, MNC, CAP and the Native Women's Association of Canada are working to create an **Aboriginal Health Institute**.
- Canadian Heritage is providing \$20 million to preserve and teach **Aboriginal languages**.
- Canadian Heritage is supporting the development of a network of **urban multipurpose Aboriginal youth centres** to improve the economic, social and personal prospects of urban Aboriginal youth. A budget of \$100 million will be available until March 31, 2003.

Strengthening Economic Development

Creating a Positive Climate

- The **Aboriginal Procurement Strategy** led to \$75 million in contracts producing 300 Aboriginal business start-ups and promoting job creation.
- The **Youth Entrepreneurs Micro-Credit Lending Program** works with the National Aboriginal Capital Corporations Association to improve access to debt and equity capital.
- The **Opportunity Fund and the Resources Acquisition Initiative** will support 70 to 80 new business start-ups or expansions and will leverage \$140 million in business investments.
- Industry Canada, regional agencies, and DIAND are working in partnership with the Aboriginal private sector and others to **improve innovation, market expansion, access to capital, business information and services**.

- **Business Partnership Fora** such as the Business at the Summit in BC, the Ontario Economic Renewal Forum, and the Joint Economic Development Initiative in New Brunswick are improving private sector-Aboriginal government cooperation and partnership in Aboriginal economic development.
- A **Financial Services Roundtable** involving federal officials, the Canadian Bankers Association and financial institutions is identifying ways to improve access to commercial lending on reserve.
- In April 1998, DIAND's Ontario Region and the Canadian Council for Aboriginal Business co-hosted a successful **Economic Renewal Conference**.

Supporting Economic Expansion in Natural Resources

- The **Fisheries Licence Allocation Transfer Program** increases opportunities for Aboriginal people to work in commercial fisheries. Several licence packages in Atlantic Canada have been retired and re-issued to Aboriginal communities. Up to \$4 million will be spent this fiscal year to assist BC coastal First Nations.
- DIAND's **Resource Access Negotiations Program** more than doubled to \$4.8 million in 1998-1999, leading to more economic benefits for Aboriginal communities.
- Métis leaders joined a large Canadian delegation on a Natural Resources Trade Mission to Latin America in November, 1998, led by the Minister of Natural Resources.

The Northern Agenda

The Gathering Strength objectives are also being applied in the territories to achieve similar goals.

- Canada hosted the first International Circumpolar Conference on Sustainable Development.
- Working with our northern and Aboriginal partners, we are developing modern and effective economic development strategies for the Northwest Territories, the Yukon Territory and the new territory of Nunavut which includes the development of Canada's diamond industry expecting to generate over \$2 billion in revenue over 20 years.

Yukon

- The **oil and gas transfer** to the Yukon Government will provide local control and resource revenue sharing.
- We continue to work in partnership to develop a unique **environmental assessment process** for the Yukon.
- We continue to make progress on land claims and self-government negotiations, including a **final agreement** with the Tr'ondek Hwech'in First Nation, the seventh of fourteen First Nations.
- Introduction of new **Mining Land Use Regulations** will bring about the implementation of modern mineral and environmental resource management practices.
- We are working with our Yukon partners to transfer remaining **resource management responsibilities** to the Yukon government and Yukon First Nations.

Northwest Territories

- DIAND continues to work with the Government of the Northwest Territories and Nunavut Tunngavik Incorporated towards the creation of Nunavut through such initiatives as

implementing the **Nunavut Human Resources Development Strategy** and working through the Nunavut Construction Corporation, a 100 percent-owned Inuit Corporation, to **build government offices and houses in numerous communities.**

- There has been continued progress on **claims and self-government processes** in the Western Arctic, including the signing of a process and schedule agreement with Deline.
 - DIAND, Aboriginal partners and the territorial government are participating in the **Western Governance Project.**
 - Local Aboriginal government and control has been strengthened through the implementation of **claims settlement resource management legislation.**
 - Partnerships between Aboriginal groups and industry are being fostered as oil and gas exploration continues to build capacity, jobs and business opportunities for Mackenzie Valley communities.
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[\[News\]](#) [\[Français\]](#)

Appendix H

Appendix A The Commission's Terms of Reference



P.C. 1991-1597

Schedule I*

The Commission of Inquiry should investigate the evolution of the relationship among aboriginal peoples (Indian, Inuit and Métis), the Canadian government, and Canadian society as a whole. It should propose specific solutions, rooted in domestic and international experience, to the problems which have plagued those relationships and which confront aboriginal peoples today. The Commission should examine all issues which it deems to be relevant to any or all of the aboriginal peoples of Canada, and in particular, should investigate and make concrete recommendations concerning:

1. The history of relations between aboriginal peoples, the Canadian government and Canadian society as a whole.

This investigation may include studies of historical patterns of aboriginal settlement and governance, the Royal Proclamation of 1763, the development and interpretation of pre- and post-confederation aboriginal treaties, the evolution of political arrangements in the North, and social tensions which have characterized the relationship between aboriginal and other Canadian communities. Building upon this historical analysis, the Commission may make recommendations promoting reconciliation between aboriginal peoples and Canadian society as a whole, and may suggest means by which aboriginal spirituality, history and ceremony can be better integrated into the public and ceremonial life of the country.

2. The recognition and affirmation of aboriginal self-government; its origins, content and a strategy for progressive implementation.

The Commission's investigation of self-government may focus upon the political relationship between aboriginal peoples and the Canadian state. Although self-government is a complex concept, with many variations, the essential task is to break the pattern of paternalism which has characterized the relationship between aboriginal peoples and the Canadian government.

Report of the Royal Commission on Aboriginal Peoples

The Commission should review models of self-government which have been developed in Canada and around the world, and should make recommendations concerning fiscal arrangements and economic development initiatives necessary for successful transitions to self-government. The scope, effect and future elaboration of ss. 25 and 35 of the *Constitution Act, 1982* may be evaluated.

3. The land base for aboriginal peoples, including the process for resolving comprehensive and specific claims, whether rooted in Canadian constitutional instruments, treaties or in aboriginal title.

The Commission may investigate and explain the deep spiritual and cultural ties which bind aboriginal peoples to the land, the relationship between an adequate land base and economic development, and the importance of environmental protection. It may also outline appropriate processes for the settlement of outstanding comprehensive and specific claims. The scope, effect and future elaboration of ss. 25 and 35 of the *Constitution Act, 1982* may be evaluated in relation to the land base as well as to self-government.

4. The historical interpretation and application, and potential future scope, of s. 91(24) of the *Constitution Act, 1867* and the responsibilities of the Canadian Crown.

An investigation of s. 91(24) may include examination of the internal political organization of aboriginal communities, the obligations of the federal Crown towards aboriginal people, the representation of aboriginal people in Canadian political institutions, and the relationship and potential for conflict between s. 91(24) and aboriginal notions of law and the legal process.

5. The legal status, implementation and future evolution of aboriginal treaties, including modern-day agreements.

An investigation of the historic practices of treaty-making may be undertaken by the Commission, as well as an analysis of treaty implementation and interpretation. The Commission may also want to consider mechanisms to ensure that all treaties are honoured in the future.

6. The constitutional and legal position of the Métis and off-reserve Indians.

The Commission may examine legislative jurisdiction concerning the Métis and Non-status Indians, and investigate the economic base of, and the provision of government services to, these people and to off-reserve and urban Indians.

7. The special difficulties of aboriginal people who live in the North.

Report of the Royal Commission on Aboriginal Peoples

The Commission may investigate the difficulties and cost of communications and transport, issues of environmental protection, sustainable economic and social development, access to natural resources, and any differential treatment of northern aboriginal people by the Canadian and Territorial Governments.

8. The *Indian Act* and the role, responsibilities and policies of the Department of Indian Affairs and Northern Development (DIAND).

The Commission may investigate in particular the legislative scheme of the *Indian Act*, the relationship between that scheme and the evolving policies of DIAND, the theory of aboriginal-government relations implicit in the *Indian Act*, and the future of the Act and of DIAND. All of these could be examined to determine whether existing federal legislation and administrative practices are consistent with evolving theories of Canadian law, including aboriginal and treaty rights.

9. Special issues of concern to aboriginal peoples.

In particular, the Commission may study and make concrete recommendations to improve the quality of life for aboriginal peoples living on reserve, in native settlements and communities, and in rural areas and cities. Issues of concern include, but are not limited to: poverty, unemployment and underemployment, access to health care and health concerns generally, alcohol and substance abuse, sub-standard housing, high suicide rates, child care, child welfare, and family violence.

10. Economic issues of concern to aboriginal peoples.

The Commission may investigate the problems of developing a viable economic base for aboriginal peoples, unemployment, access to labour markets, discrimination in employment, taxation and custom duties.

11. Cultural issues of concern to aboriginal peoples.

In particular, the Commission may investigate the protection and promotion of aboriginal languages, recognition by Canadian society and institutions of the intrinsic value of aboriginal spirituality, recognition by Canadian society and institutions of the intrinsic value of aboriginal family structures and child care patterns, and the protection of traditional hunting, fishing and trapping ways of life.

12. The position and role of aboriginal elders.

The Commission may examine the social and economic conditions of elders as a group, their

Report of the Royal Commission on Aboriginal Peoples

traditional role in aboriginal societies and whether existing laws and governmental practices respect and accommodate that role, and the continuing role for elders in aboriginal societies.

13. The position and role of aboriginal women under existing social conditions and legal arrangements, and in the future.

The Commission may examine, in particular, issues related to financial and property provisions upon divorce, access to the labour market, definitions of membership in aboriginal groups, and the role of native women in political institutions in their own communities and in non-native society.

14. The situation of aboriginal youth.

The Commission may investigate access to education, access to community leisure and sports facilities, alcohol and substance abuse, suicide amongst youth, and funding for youth programmes. The Commission may also focus upon means of enhancing and promoting a positive self-image in aboriginal youth, especially in the way they view the relationship between their historical and cultural roots and contemporary educational institutions.

15. Educational issues of concern to aboriginal peoples.

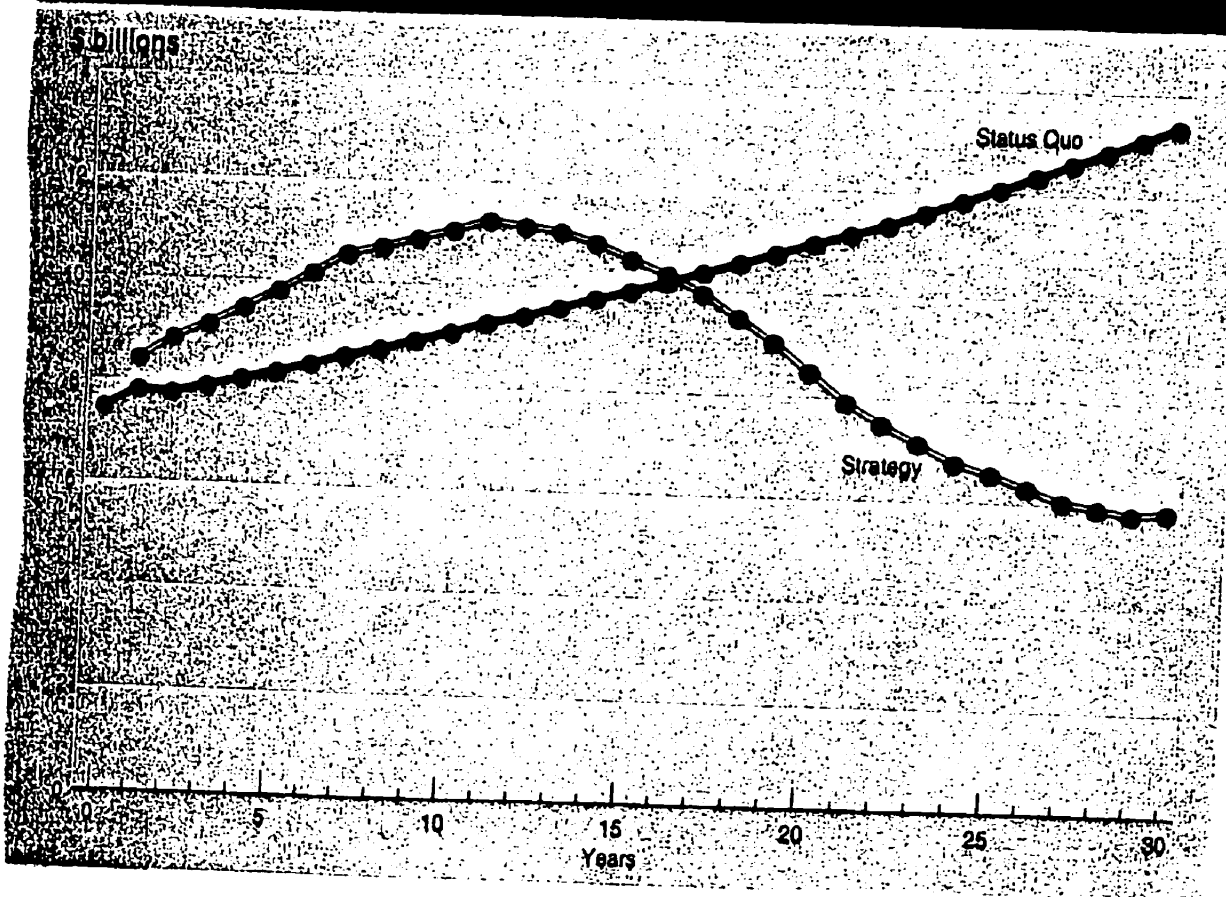
In particular, the Commission may investigate aboriginal control over primary and secondary education on reserves and in native communities (including issues of funding), the promotion and protection of aboriginal cultural identity in educational institutions (including institutions where aboriginal students are a minority group), the encouragement of aboriginal children to complete secondary education, and access to and funding for post-secondary education (including college, university and technical training).

16. Justice issues of concern to aboriginal peoples.

In particular, the Commission may investigate and make concrete recommendations concerning the relationship between aboriginal people and the police (with the policing function broadly conceived to include dispute resolution and community service), the promotion of respect for aboriginal people and culture within the justice system, techniques to aid aboriginal people in comprehending court processes especially through the provision of interpretation services, means to decrease the rate of incarceration of aboriginal offenders, methods to improve conditions of incarceration for aboriginal offenders, and the potential to elaborate aboriginal justice systems and to incorporate principles of aboriginal legal culture into the Canadian justice system.

Appendix I

FIGURE 3-1
Projected Cost of the Status Quo and of the Commission's Strategy



Appendix J

ARRANGEMENT NO: 277054002120174

ACR FOR EST DESCRIPTION

FUNDING TYPE

PROVIDER BONDS UTILITIES AND INDIRECT EXPENDITURE PLAN

DATE: 02/27/98 TIME: 11:26
ARRANGEMENT TYPE: COMPLETION

ACR	EST	DESCRIPTION	FUNDING TYPE	TOTAL	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	OCTOBER	NOVEMBER	DECEMBER	JANUARY	FEBRUARY	MARCH	FOUR
378	306	CONTRIBUTIONS TO INDIAN BONDS	CONTRIBUTION	35,000.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	15,000.00	.00	.00	.00
380	304	2022 OREIL & SERVICE SERVICES	CONTRIBUTION	3,000.00	.00	.00	3,000.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
382	302	2024 EMP SERVICES TRUST & BENEVO PLAN	CONTRIBUTION	8,375.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
384	300	2015 INDIAN EMPLOYER ASSISTANCE FUND	CONTRIBUTION	37,395.00	.00	.00	.00	4,395.00	.00	.00	.00	.00	.00	.00	.00	6,875.00	.00
386	301	2146 INDIAN ARTICLES	CONTRIBUTION	136,875.00	.00	.00	20,000.00	.00	.00	37,875.00	.00	.00	.00	.00	.00	.00	.00
390	331	2156 AUXILIARY SERVICES	FLEXIBLE	7,977.00	3,041.00	1,041.00	.00	.00	.00	42,000.00	.00	.00	.00	.00	61,875.00	.00	.00
391	330	2157 STIMULUS ACCT. SEC. (ALL TYPES)	FLEXIBLE	806,456.00	6,444.00	6,444.00	.00	1,041.00	.00	1,041.00	1,041.00	1,041.00	1,041.00	.00	1,415.00	.00	.00
392	331	2158 FIN. ASSIST. ALLOW. (ALL TYPES)	FLEXIBLE	12,434.00	595.00	595.00	.00	33,727.00	.00	4,953.00	4,953.00	4,953.00	4,953.00	.00	13,275.00	.00	.00
393	331	2170 F.R. & LIMIT YOUR PROSP. PROG	FLEXIBLE	11,982.00	721.00	721.00	.00	771.00	.00	721.00	721.00	721.00	721.00	.00	1,041.00	.00	.00
394	331	2172 PSE SPECIAL PROGRAM	FLEXIBLE	111,340.00	.00	.00	21,000.00	.00	.00	.00	.00	.00	.00	.00	1,727.00	.00	.00
395	331	2173 PSE-SECURASST ENACTMENT	FLEXIBLE	1,145,040.00	91,070.00	91,070.00	.00	40,000.00	.00	.00	.00	.00	.00	.00	1,307.00	.00	.00
396	331	2174 MARIN-POST SECURITY ENACT.	FLEXIBLE	107,707.00	8,930.00	8,930.00	.00	166,000.00	.00	97,842.00	.00	.00	.00	.00	87,061.00	.00	.00
397	347	2195 SERVICE DELIVERY	FLEXIBLE	818,975.00	20,900.00	20,900.00	.00	8,930.00	.00	8,930.00	8,930.00	8,930.00	8,930.00	.00	8,930.00	.00	.00
398	343	2270 BENEVOLENT SOCIETY	FLEXIBLE	113,740.00	.00	.00	.00	20,700.00	.00	.00	.00	.00	.00	.00	8,930.00	.00	.00
399	343	2287 BENEVOLENT SOCIETY	FLEXIBLE	82,000.00	3,070.00	3,070.00	.00	.00	.00	.00	.00	.00	.00	.00	20,700.00	.00	.00
400	343	2305 BENEVOLENT SOCIETY	CONTRIBUTION	64,700.00	.00	.00	3,070.00	.00	.00	3,070.00	.00	.00	.00	.00	.00	.00	.00
401	343	2340 AMPLANT SERVICES	FLEXIBLE	30,330.00	4,170.00	4,170.00	.00	.00	.00	3,070.00	3,070.00	3,070.00	3,070.00	.00	3,070.00	.00	.00
402	372	2300 TRUCK COUNCIL FUNDING	FLEXIBLE	54,820.00	4,150.00	4,150.00	.00	4,150.00	.00	4,150.00	4,150.00	4,150.00	4,150.00	.00	4,150.00	.00	.00
403	372	2400 FUND EMPLOYEE BENEFIT FUND	FLEXIBLE	727,402.00	106,717.00	106,717.00	.00	4,150.00	.00	4,150.00	4,150.00	4,150.00	4,150.00	.00	4,150.00	.00	.00
404	372	2450 INDIAN/UNIT UNIT, INC.	FLEXIBLE	47,250.00	4,150.00	4,150.00	.00	31,500.00	.00	31,500.00	31,500.00	31,500.00	31,500.00	.00	31,500.00	.00	.00
405	375	2456 CONSERVATION	CONTRIBUTION	21,370.00	.00	.00	2,445.00	.00	.00	2,445.00	.00	.00	.00	.00	18,770.00	.00	.00
406	310	2465 CEM PLANNING ORGANIZATION	FLEXIBLE	20,000.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	.00	21,000.00	.00	.00
407	310	2466 CEM PLANNING ORGANIZATION	FLEXIBLE	104,045.00	.00	.00	10,400.00	.00	.00	.00	.00	.00	.00	.00	11,377.00	.00	.00
408	354	2492 RESOURCE ACCESS NEGOTIATIONS	CONTRIBUTION	240,983.00	201,932.00	201,932.00	.00	10,400.00	.00	34,012.00	10,400.00	10,400.00	10,400.00	.00	10,400.00	.00	.00
409	354	2492 RESOURCE ACCESS NEGOTIATIONS	CONTRIBUTION	61,000.00	.00	.00	.00	61,000.00	.00	.00	.00	.00	.00	.00	.00	.00	.00
				3,381,876.00	270,315.00	270,315.00	220,721.00	373,990.00	304,910.00	330,910.00	340,817.00	340,210.00	340,210.00	342,170.00	377,621.00	207,170.00	.00

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