

# FIRST NATIONS AND ECONOMIC PROSPERITY IN THE COMING DECADE

by

Perrin, Thorau & Associates Ltd.

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# First Nations and Economic Prosperity in the Coming Decade

## Executive Summary

If First Nations are to take their rightful place in British Columbia by becoming a bigger force in the economy and a significant contributor to provincial prosperity, federal and provincial governments need to remove barriers to First Nations economic activity and more needs to be done ensure aboriginal youth complete skills training, K-12 schooling and post-secondary education.

Traditionally, First Nations have been viewed as a damper on economic activity as uncertainty related to unresolved aboriginal claims has often slowed development. The main solution pursued for almost 20 years now, the development of modern-day treaties, has yet to generate wide-ranging positive results. Nevertheless, the overall perception of First Nations and their role in the economy is changing.

Two things are happening. The Aboriginal population is demographically young, underemployed and growing rapidly at a time when the rest of the population is aging and growing slowly. This dynamic points to a greater role for Aboriginal people in the labour force of tomorrow.

At the same time, for the past decade or more First Nations have become more economically engaged, drawing on several different models and approaches to use economic activity as a path to self-determination and self-sufficiency. The result is that an increasing number of bands have built capacity and enthusiasm for participating actively in the economy. While still in the minority, those leading the way are charting a course that others are likely to follow.

## Demographics and Education

British Columbia's Aboriginal population is young and growing, but it is underemployed mainly because of a lack of formal educational qualifications. Yet there is no real difference in labour force outcomes between Aboriginal and non-Aboriginal British Columbians holding post-secondary credentials. The real issue is there is much higher proportion of the Aboriginal population without a high school diploma than the general population and the proportion having completed post-secondary education is much lower still. In large part this can be traced to the lower quality of K-12 education offered to many Aboriginal children. Accessibility and the relevance of post-secondary education and other skills training are also factors contributing to relatively low levels of educational attainment among Aboriginals.

Education is an important issue for all types of Aboriginal communities – urban and rural, and on and off reserve. The province and other public agencies have done much to try to improve access to K-12 and post-secondary education and skills training for

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Aboriginal people, and there are certainly some signs of progress. However, more needs to be done on the educational and skills front to facilitate greater Aboriginal participation in economic development. Looking ahead, federal, provincial and First Nations governments need to redouble their efforts in the following policy areas:

- improving K-12 Aboriginal education quality in urban and rural settings;
- finding better ways to get more on-reserve children through the K-12 system;
- enhancing Aboriginal access to trades and skills training; and,
- putting more emphasis on academic college and university attainment by First Nations students.

### **First Nations Economic Activity**

In many ways the experience of BC First Nations is similar to that of First Nations throughout North America. In the United States, the Harvard project has been exploring the principles and conditions that help First Nations achieve economic success. The main conclusions of this important work are:

**Sovereignty matters.** When Native nations make their own decisions about how they should approach development of their economies, they consistently out-perform external decision makers.

**Institutions matter.** Sovereignty must be backed by capable institutions of governance.

**Culture matters.** Successful economies stand on the shoulders of legitimate, culturally grounded institutions of self-government.

**Leadership matters.** Nation-building requires leaders who introduce new knowledge and experiences, challenge assumptions, and propose constructive change.

The message is that to develop a successful First Nations economy, “investors” must be willing to invest, whether it is people coming to work as employees or businesses entering partnerships and contributing capital. The good news is that a growing number of BC First Nations have been able to attract investment and have made progress in developing their economies.

The next step depends upon Aboriginal leaders leveraging the lessons learned by those First Nations that are leading the way throughout BC. Success also hinges on leadership at the Band level and on the ability of local leaders to embrace the principles of nation-building and good governance in pursuit of self-determination and self-sufficiency.

For the federal and provincial governments, the priority must be to practice flexibility and to remove as many barriers as possible to First Nations economic activity, while being

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neutral regarding the approaches or models to be used, whether it is band-owned businesses, partnerships with the private sector or Aboriginal entrepreneurs.

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## Introduction

For much of the past twenty years, conventional wisdom has had it that the primary role of First Nations in the British Columbia economy was that of ‘spoiler’. First Nations tended to be viewed as an impediment to development because unresolved land claims associated with absence of treaties in most of the province created uncertainty. Uncertainty about future access to land and permitted land use hindered investment in many industries and had a negative impact on BC’s reputation as a place to do business within Canada and internationally.

The principal policy prescription to address this issue was to seek certainty through treaties. This strategy has been a priority of both the federal and provincial governments since at least 1990. To that end the BC Treaty Commission was established in 1992 as an independent body to facilitate and oversee the treaty process. The result has been three signed treaties, the Nisga’a treaty that was concluded outside the BCTC process in 2000, and the Tsawwassen treaty signed in 2008 and Maa-nulth Final Agreements signed in 2009. In addition, incremental treaty agreements have been signed with the Tla-o-qui-aht and Klahoose First Nations. The Province also concluded treaty negotiations with the Yale First Nation, signing a bilateral agreement in November 2008. And it’s conceivable that a handful of other treaties could be concluded in the next few years.

Despite the glacial pace of treaty negotiations, much has changed in the province with respect to relations with Aboriginal people, providing a foundation for even more change in the coming decade – with or without the conclusion of additional treaties. Canadian jurisprudence on Aboriginal rights and title has evolved over the past decade, with a general pattern of an expanded definition of rights. Of particular importance were the Haida Nation and Taku River Tlingit Supreme Court decisions in 2004, which made it clear that the BC government has a duty to consult meaningfully even in situations where Aboriginal rights and title have not been legally proven in court.

In 2005 the Province and the First Nations Leadership Council entered into the New Relationship in which they committed to a new government-to-government relationship based on mutual respect, recognition and accommodation of aboriginal title and rights, recognition of each others’ laws and responsibilities, and a stepped up effort to work toward the reconciliation of Aboriginal and Crown titles and jurisdictions. In 2008, a \$100 million New Relationship Trust was created to assist First Nations to build their capacity to participate in activities under the New Relationship, such as land and resource management, land use planning processes, and social, economic and cultural initiatives. In 2009 the BC government signaled its intention to introduce a *Recognition and Reconciliation Act* that, among other things, would eliminate the need for First Nations to prove they have Aboriginal rights and title in court. At the time of writing (summer 2009), it is unclear when or if such legislation will be forthcoming. The provincial government has also adopted a policy of “incrementalism” and shown a willingness to reach partial agreements with First Nations to reduce the pressure of

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negotiating and ratifying a comprehensive treaty all at once, and to secure many of the benefits of treaties more quickly.

Importantly, there has also been a notable shift in the way the private sector perceives First Nations: increasingly, they are being viewed as partners rather than as impediments to economic development. This paper looks at two reasons why this perception is changing.

The first is that, notwithstanding the economic downturn that has gripped most major industrial economies since mid-2008, looking to the longer-term it is clear that the province will face mounting demographic pressures due to an aging workforce and population. In this context, future labour shortages can be partially offset by the young and traditionally underutilized human capital represented by an expanding Aboriginal population. The growing Aboriginal population and its younger demographic profile will provide a source of needed labour supply. However, this will only make a significant difference for BC's economic prosperity if barriers to Aboriginal participation in the work force and to educational and skills training for First Nations are overcome. Progress here will create opportunities for Aboriginal people, First Nations communities and the province as a whole to benefit. However, to date progress has been limited.

The second reason is that many First Nations have themselves become increasingly involved in economic development over the past two decades. There are many models and examples emerging whereby First Nations and Aboriginal entrepreneurs have generated business activity across a host of sectors. The successes and lessons learned by First Nations and the business community at large can assist in accelerating the involvement of First Nations in directly fostering economic activity.

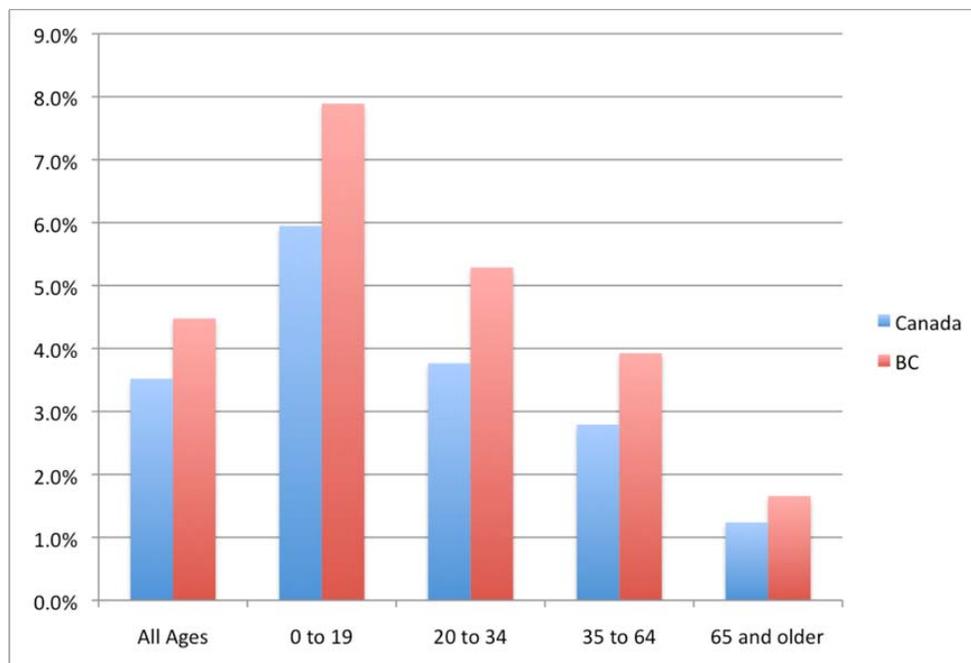
## **Demographic Analysis**

The demographic situation in Canada is well-known and documented. The population is aging, which promises to put pressure on the labour force in the coming decades as the working-age population shrinks and the retired population swells. While the current global recession has eased previous worries over labour shortages, the longer-run trends were established many years ago and there is a certain inevitability to many of the resulting demographic implications. To sustain and grow the province's economy, it will be necessary both to increase productivity and to find additional sources of labour supply.

Aboriginal people are an important potential source of new labour supply, for two reasons. First, the Aboriginal population has a very different age profile than the general population, with a significantly higher proportion of younger age groups and faster overall growth. Second, Aboriginal people traditionally have been under-represented in the workforce, especially in more skilled and better-paid positions. While this picture is changing, there is much scope to draw on the human capital represented by Aboriginal people to generate greater returns for them and benefits for the wider economy.

## Population

Chart 1 – Proportion of Population Reporting an Aboriginal Identity



Source: Statistics Canada, 2006 Census of Population

Chart 1 shows that Aboriginal people represent about 4.5% of BC's population but almost 8% of children and over 5% of the young adults. It also reveals that for all age groups, Aboriginal people are a greater proportion of the population in BC than in Canada as a whole.

As BC's population continues to age, the proportion of Aboriginals in the younger age groups will steadily grow. Of the approximately 200,000 Aboriginal people who now reside in BC, some 75,000 were aged 19 or under in 2006, and many of them will enter the workforce over the next decade.

According to Statistics Canada, by 2017 First Nations people of working age (15 and older) will number close to a million Canada-wide.<sup>1</sup> Western Canada is currently home to about 60% of the country's Aboriginal population, while BC alone accounts for about 17%. The working-age Aboriginal population in BC stood at roughly 141,000 as of 2006. That number is set to climb substantially over the next decade. Between 1996

<sup>1</sup> Luffman, Jacqueline and Deborah Sussman, The Aboriginal Labour Force In Western Canada, Statistics Canada, January, 2007  
[www.statcan.gc.ca/pub/75-001-x/10107/9570-eng.pdf](http://www.statcan.gc.ca/pub/75-001-x/10107/9570-eng.pdf)

and 2006 BC's Aboriginal population increased by 45% compared with growth of 8% for the non-Aboriginal population.

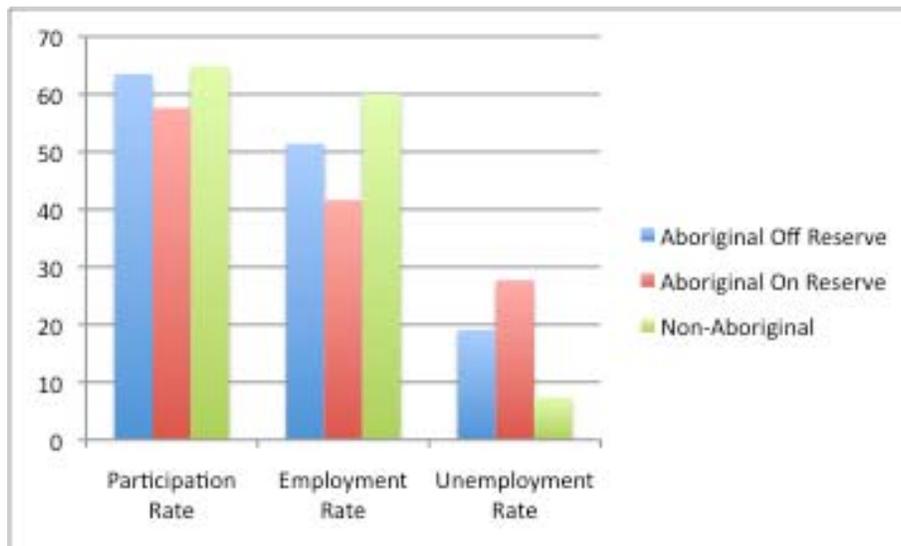
### **Labour Force**

The economic implications of demographic change depend, among other things, on the size of the labour force, the participation rate, the employment rate, and the unemployment rate. While the labour force in Canada and BC is expected to grow over the next three decades, albeit at historically slow rates, the proportion of persons over 55 will double from 2001 levels. As a result, the overall labour force participation rate will inevitably fall. For BC, the 2005 participation rate of roughly 65% is expected to drop to 56%–58% over the next three decades.<sup>2</sup>

In contrast, the number of Aboriginal people in BC's labour force is poised to increase at relatively high rates, with their participation rate also climbing higher in the years ahead.

Traditionally there has been a divide between the labour market outcomes for Aboriginal people living off-reserve compared to those who reside on reserve.

Chart 2 – 2001 Census Labour Market Rates for BC



Source: Statistics Canada, Census of Population, 2001

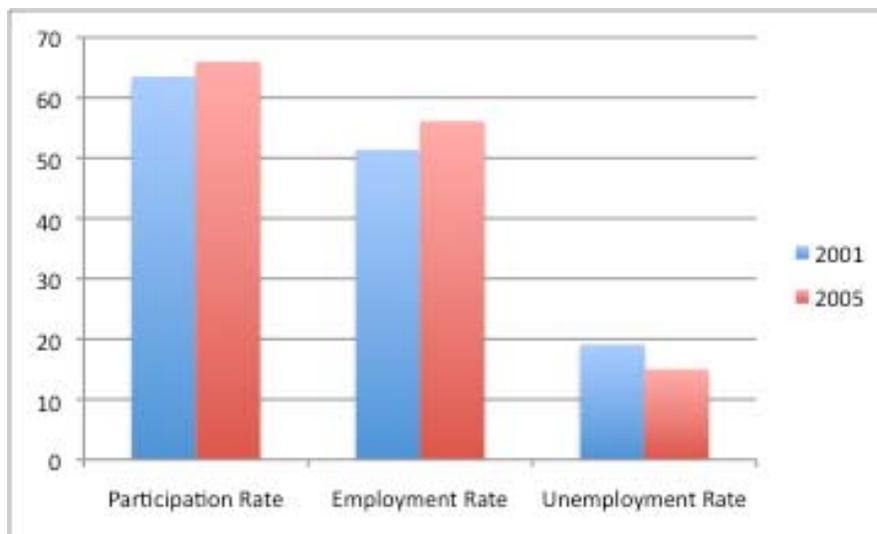
<sup>2</sup> Martel, Laurent, Eric Caron-Malenfant, Samuel Vézina, and Alain Bélangerpar Laurent Martel\*, Eric Caron-Malenfant, Samuel Vézina, Labour Force Projections for Canada, 2006-2031, Canadian Economic Observer, Statistics Canada, June 2007

[www.statcan.gc.ca/pub/11-010-x/11-010-x2007006-eng.pdf](http://www.statcan.gc.ca/pub/11-010-x/11-010-x2007006-eng.pdf)

In 2006 approximately three-fifths of Aboriginal people in the province lived in urban areas. Chart 2 shows that in 2001, while off-reserve Aboriginals fared less well than the rest of the population in terms of employment and unemployment, on-reserve Aboriginals fared much worse. This suggests that there is an opportunity for BC's resource based industries in particular to tap into a source of near site labour to fill future job vacancies and to undertake projects that may be especially difficult to recruit for. As more renewable energy industries associated with wind, run-of-river, tidal or other power sources develop, the need for a skilled workforce in rural and remote locations will increase in tandem.

Comparable information is not yet available from the 2006 Census. Statistics Canada has updated the results for urban Aboriginals using Labour Force Survey data. Chart 3 shows that there has been a positive trend. For example, the Aboriginal labour force participation rate in Vancouver in 2005 was higher than the non-Aboriginal participation rate, and the Aboriginal unemployment rate in Victoria was only 8.6%.

Chart 3 – Off-Reserve Aboriginal Labour Market Rates, 2001 and 2005



Sources: Statistics Canada, Census of Population, 2001; Labour Force Survey, 2005

Even so, the overall labour market results for First Nations continue to underperform the general population, with unemployment almost three times higher for off-reserve Aboriginals and higher still for those living on-reserve.

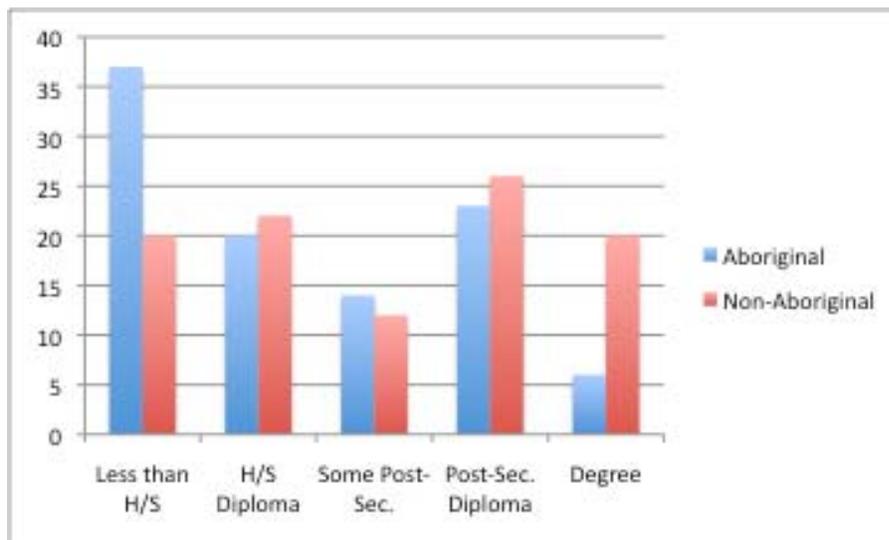
## **Education**

Experts generally agree that differences in educational attainment account for much of the divergence in labour market outcomes between Aboriginal people and the non-Aboriginal population. Not surprisingly, in today's knowledge-based economy employment is easier to obtain and keep for those with higher levels of education. Data

from Statistics Canada indicate that Income is also positively correlated with years of formal education.

In general, the Aboriginal population has had significantly lower levels of education than the non-Aboriginal population. While the gap has been closing slowly in recent years it remains significant as shown on Chart 4. For example, the proportion of Aboriginal people aged 20 to 24 without a high school diploma fell from 41% to 30% between 2001 and 2005, indicating that this particular educational gap is narrowing quite rapidly.

Chart 4 – Education Attainment Gap, 2005



Source: Statistics Canada, Labour Force Survey, 2005

It is interesting that the proportions of the Aboriginal and non-Aboriginal populations with some post secondary education or with a diploma are actually very similar. The big differences lie among people with less than a high school diploma and those holding a university/college degree.

There is essentially no employment gap between Aboriginal and non-Aboriginal populations for individuals with the highest levels of education. Indeed, employment rates for Aboriginal people with a post-secondary certificate, diploma or university degree exceed those for the non-Aboriginal population.

In December, 2008, the C. D. Howe Institute released an interesting study entitled, Understanding the Aboriginal/Non-Aboriginal Gap in Student Performance: Lessons From British Columbia.<sup>3</sup> The summary for the study states:

<sup>3</sup> Richards, John, Jennifer Hove, Kemi Afolabi, Understanding the Aboriginal/Non-Aboriginal Gap in Student Performance: Lessons From British Columbia, C. D. Howe Institute Commentary, No. 276, December, 2008

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“Across Canada, at least four out of five Aboriginal students attend provincially run schools; only one in five attend on-reserve, band-run schools. While Aboriginal student outcomes are better in provincial than in on-reserve schools, a large gap exists between performance of Aboriginal and non-Aboriginal students in most schools across Canada. Understanding why the gap exists and what strategies can reduce it is among the country's highest social policy priorities.

Based on a detailed study of Aboriginal student performance in BC provincial schools, the authors assess the relative importance of socioeconomic differences between Aboriginal and non-Aboriginal families and of in-school dynamics. While both these factors matter, the authors also find that some school districts stand out. Schools in these districts have achieved Aboriginal student outcomes much better than forecast, based on socioeconomic conditions and expected in-school dynamics.

What are these districts doing right? In sum, they emphasize Aboriginal education success as a long-term priority, involve Aboriginal leaders and the broader community, use objective data on Aboriginal student performance in design of policy and follow through on policy implementation.”

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#### **Chinook Aboriginal Education Program**

This is an example of an innovative program directed at a particular education gap – the lack of Aboriginal students taking business training. Offered in partnership with 20+ post-secondary business programs and in collaboration with high school educators throughout the province, this program is designed to increase the interest and participation of Aboriginal students in business programs. The program has been endorsed by the First Nations Leadership Council and has a group of experienced First Nations advisors

There is programming for full-time students that includes financial assistance for students, specific courses in Aboriginal business, an annual Indigenous Business Studies Symposium, upgrades in foundational math and language skills, and an internship and career guidance component.

There is also an Advanced Management Program for part-time students with considerable business experience.

The program also reaches out to high school students to inform them about the opportunities in business and how they can participate.

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The existence of wide differences in performance at different schools and different school districts suggests that policy decisions made by provincial, federal, and First

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Nations governments can have a significant impact on educational results. According to BC Aboriginal leader Judith Sayers in her comments on an earlier version of this paper,

“Statistics about graduation rate do not tell the tale of the poor quality of education our First Nations children are receiving. This leaves them ill equipped to enter university, and when they do, [they] end up dropping out as they cannot compete without the necessary foundational skills. Also, many schools steer our children into programs which do not allow them entry into colleges and universities. Much more work has to be done in the area of education so that First Nations can be part of the knowledge based global economy. Governments have got to realize that a greater investment in education and support services, improving the quality of education will be a great asset to First Nations.”

One way the provincial government has worked to increase Aboriginal success in the K-12 system is through Aboriginal Education Enhancement Agreements between First Nations, School Districts and the province. There are currently 44 signed agreements, all of which emphasize the need for ongoing collaboration.

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### **Proposed Policy Priority**

**Much has been done to improve access to K-12 and post-secondary education and skills training for Aboriginal people, but now is the time to redouble the efforts. That includes:**

- **increases to K-12 Aboriginal education quality in urban and rural settings,**
  - **better ways to get on-reserve children through the K-12 system,**
  - **better access to trades and skills training in small communities and large, and**
  - **a further emphasis on academic college and university attainment by First Nations students.**
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Over the past several years the provincial government has also encouraged all post-secondary institutions in BC to put greater emphasis on education for Aboriginal people. It should be kept in mind that colleges in BC are important providers of high school diplomas through Adult Basic Education, as well as education programs intended to result in post secondary credentials. There are undoubtedly lessons to be learned from the results of the various approaches to improving Aboriginal educational attainment that are being employed across the province.

While it is important to improve educational outcomes for Aboriginal people for a host of social reasons, First Nations and the economy as a whole will also gain from the further

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development of the human capital represented by this growing segment of BC's population and labour force.

## **First Nations' Economic Activity**

Not long ago, examples of First Nations involved in business and of successful First Nations business enterprises were quite rare -- whether the businesses were owned by one or more First Nations, Aboriginal entrepreneurs or partnerships between First Nations and the non-First Nations private sector. Over the past 10-15 years this has changed markedly. Among the things that have fostered change are the evolution of Aboriginal rights and title jurisprudence, shifts in public policy at the federal and provincial levels, First Nations' ability to find ways to increase their self-determination, and success stories that provide lessons and examples for others. Yet, many barriers continue to exist and First Nations are far from having fully exploited the economic opportunities before them.

This section of the paper describes a number of different approaches to increasing economic activity that have been used by First Nations in BC as well as some of the issues and barriers to economic prosperity that emerge from a review of experiences across the province. Several examples of specific BC First Nations are used to illustrate the discussion.

### ***Why Are First Nations Getting Involved in Business?***

"All participant First Nations shared one commonality and belief: the only way to become an economically independent, self-governing nation is through the development of significant and sustainable own source revenues."<sup>4</sup>

The above quote from Ted Williams, project manager of a study sponsored by the BC government to examine economic development in BC First Nations, succinctly summarizes what is motivating First Nations to become more engaged in economic activities. In what follows, we briefly discuss several approaches to increasing economic activity being used among First Nations.

### ***Harvard Project***

The Harvard Project on American Indian Economic Development (Harvard Project) is a research institution founded in 1987 at Harvard University. The Project is focused on

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<sup>4</sup> Williams, Ted, Journey to Economic Independence, B.C. First Nations' Perspectives, BC Ministry of Economic Development, February, 2008.

[www.llbc.leg.bc.ca/public/PubDocs/bcdocs/434640/final\\_fn\\_economic\\_report\\_feb\\_08.pdf](http://www.llbc.leg.bc.ca/public/PubDocs/bcdocs/434640/final_fn_economic_report_feb_08.pdf)

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understanding and fostering the conditions under which sustained, self-determined social and economic development can be achieved by First Nations.<sup>5</sup>

At the heart of the Harvard Project is the systematic, comparative study of social and economic development on American Indian reservations. What works, where and why? Among the Project's key research findings are the following:

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

**Institutions matter.** For development to take hold, assertions of sovereignty must be backed by capable institutions of governance. Nations do this as they adopt stable decision-making rules, establish fair and independent mechanisms for dispute resolution, and separate “politics” from day-to-day business and program management.

**Culture matters.** Successful economies stand on the shoulders of legitimate, culturally grounded institutions of self-government. Indigenous societies are diverse; each nation must equip itself with a governing structure, economic system, policies, and procedures that fit its own contemporary culture.

**Leadership matters.** Nation-building requires leaders who introduce new knowledge and experiences, challenge existing assumptions, and propose change. Whether they are elected, community, or spiritual leaders, they convince their communities that things can be different and inspire them to take action.

Stephen Cornell and Joseph Kalt founded the Harvard Project. The following quote from a recent paper highlights two approaches to First Nation's economic development and some of the important issues:<sup>6</sup>

“In our research in Indian country, we encounter two very different ways of approaching economic development. The first we call the ‘jobs and

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<sup>5</sup> Overview of the Harvard Project, John F. Kennedy School of Government, Harvard University, [www.hks.harvard.edu/hpaied/overview.htm](http://www.hks.harvard.edu/hpaied/overview.htm)

<sup>6</sup> Cornell, Stephen and Joseph P. Kalt, “Sovereignty and Nation Building: the Development Challenge in Indian Country Today” Joint Occasional Papers on Native Affairs, No. 2003-03 [www.udallcenter.arizona.edu/publications/inpp/2003\\_CORNELL.kalt\\_JOPNA\\_sovereignty.nation-building.pdf](http://www.udallcenter.arizona.edu/publications/inpp/2003_CORNELL.kalt_JOPNA_sovereignty.nation-building.pdf)

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income' approach. Tribes that work with the 'jobs and income' approach begin by saying, in effect, 'we've got a problem here. The problem is not enough jobs and not enough income, and the solution is to get some businesses going on the reservation.' Often that means calling in the tribal planner and saying, 'Go get some businesses going.' ...

The problem is that this approach typically doesn't work. It may produce lots of ideas but it seldom produces lasting businesses....a new business gets underway with lots of hoopla and has a good first year, but then the tribal government starts siphoning off the profits to meet its payroll or some other need... and soon the business is in trouble. Or the enterprise becomes primarily an employment service as people demand that it provide lots of jobs, costs rise, it finds itself unable to compete.... One way or another, the tribe ends up back at square one, once again asking the planner to 'get something going,' and the cycle starts over. ...

This is where the second approach to economic development comes in. It is a 'nation-building' approach. This approach begins with the same perception—we've got a problem—and it recognizes that a big part of the problem is the lack of jobs and income....The solution is to build a nation in which both businesses and human beings can flourish. The nation-building approach says the solution is to put in place an environment in which people want to invest. They want to invest because they believe their investment has a good chance of paying off. It may produce monetary profits. It may produce satisfaction in a job well done. It may raise the quality of life in the community. It may reduce dependence on the federal government or bolster tribal sovereignty. The point is that most investors have choices. If they don't see a decent possibility of a payoff here, there is little to stop them from going somewhere else or doing something different.

... An investor may be a cash-rich joint venture partner, but it also could be a tribal member considering a job with tribal government or with a tribal enterprise, or someone with a new solution to a reservation problem, or a tribal member hoping to start up a feed store...or a newly trained schoolteacher hoping to return to the reservation. Investment is not just a financial matter....Attracting investment is a matter of attracting those people, of persuading them to make that bet.”

The above observations suggest that self-determination and successful economic development are inextricably linked. Success in economic development requires a degree of self-determination and a governance structure that puts the checks and balances in place to give people the confidence to participate in the First Nation's economy. Those people could range from outside investors to potential employees and entrepreneurs, and include both members and non-members of the First Nation.

Building a self-determining First Nation requires that the First Nation and its members have confidence that an economy can be developed that will be largely self-supporting. This is a leap of faith that many find daunting after generations of depending on government support, but it is one that can pay off, as the research by the Harvard Project demonstrates.

### ***Mechanisms for First Nations Economic Development***

Several mechanisms have been used in by First Nations in BC to increase economic activity. They include the following:

- **Using reserve land** as a basis for residential, commercial or industrial development. There are various ways that reserve land can be used with either approval of Indian and Northern Affairs Canada (INAC) or under authority bestowed by INAC. The relevant mechanisms include long term leases, use of Certificates of Possession which give individual members property rights similar to fee simple ownership, and authority over land under a self-government Act or under the *First Nations Land Management Act*. Modern treaties also give First Nations full control of treaty settlement land, subject to the Treaty, which allows the First Nation to zone the land and create interests in the land to encourage development or to directly develop land held by the First Nation.

#### **Box 1: Use of Reserve Land**

Examples include:

##### **Urban commercial development** –

Cowichan Tribe's land in Duncan has been used for a major commercial development and a casino and Squamish Nation land in West Vancouver has been developed into a major urban mall complex.

**Urban residential development** – the West Bank and Kamloops First Nations have both used land for primarily residential developments that include some commercial activity

**Natural Resource Development** – the Macleod Lake First Nation land is used for industrial logging and the Fort Nelson First Nation land is used for oil and gas extraction.

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**Box 2: Acquiring Resource Rights**

Examples include:

**Aggregate extraction** – the Hupacasath First Nation has a gravel pit and aggregate business off-reserve under a provincial license

**Run-of-river power** – the Hupacasath First Nation also has a water license from the province that supports a run-of-river power project

**Forestry** – numerous First Nations are involved in off-reserve timber harvesting, such as Iisaak Forest Resources, a forestry company jointly owned by the five Nuu-chah-nulth Central Region First Nations, HUU-ay-aht Forestry Limited Partnership, which is owned by the HUU-ay-aht First Nations, another Nuu-chah-nulth First Nation and Heartland Economics owned by the Westbank First Nation. The businesses may include both market logging of provincial forest tenures held by the First Nations and contract logging on behalf of other tenure holders. Several BC First Nations, including the Westbank First Nation, have Community Forest Agreements that provide more flexibility in forest management to accommodate inclusion of First Nations' values.

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- **Acquiring resource rights**, usually by First Nations in their traditional territories, from the provincial government. In some cases resource rights may be provided under an interim measures agreement or a revenue-sharing agreement. In other cases First Nations may acquire the rights on the open market from another tenure holder or in an open bidding process, such as acquiring a timber harvesting licenses from BC Timber Sales.

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**Box 3: Supporting Aboriginal Entrepreneurs**

Examples include:

**Westbank First Nation** has used their self-government agreement to develop comprehensive land use laws and a community plan and has provided service infrastructure on the land base to support economic activity. They have encouraged individual member entrepreneurs to develop businesses and also encouraged outside investment.

**Nuu-cha-nulth Economic Development Corporation** is an agency of the Nuu-cha-nulth Tribal Council on the west coast of Vancouver Island. It provides financial assistance and business advisory services to individual and tribal business initiatives. It helps with business plan development, provides commercial loans of up to \$475,000, has a business equity program in partnership with Aboriginal Business Canada, and has youth entrepreneurship and business mentoring programs.

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- **Supporting Aboriginal entrepreneurs.** While the previous two mechanisms involve the First Nation itself undertaking economic development using its own resources or businesses that are owned and operated by the First Nation, in other cases First Nations have proceeded by encouraging and helping their members to enter into their own businesses. There are several ways that entrepreneurs can be supported, including:
  - by the way that reserve, treaty settlement or other land under the control of the First Nation is managed, which if done right can make it easier for member entrepreneurs to gain access to needed land;
  - by leasing band-owned assets to individuals to operate instead of the band operating the asset directly; this could apply to a campground or RV park, an aquaculture tenure, a gravel pit or any other revenue generating asset;
  - by funding training, business plan development and other start-up costs; and
  - through loans or loan guarantees that provide access to capital.

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#### Box 4: Partnerships

Examples include:

**NaiKun Wind Energy Group Inc. and the Haida First Nation** – NaiKun is proposing a large scale offshore wind energy project in BC's Hecate Strait between Haida Gwaii (the Queen Charlotte Islands) and the mainland. NaiKun and the Haida First Nation have worked together since the project's inception but now a formal partnership agreement has been signed which will provide the Haida with benefits, including revenue sharing, environmental stewardship, and employment and economic development opportunities for the Haida. The Haida and Naikun will participate equally in terms of both ownership and economic value.

**Forestry Partnerships** - Iisaak Forest Resources started as a 50/50 partnership with Wayerhouser. The Huu-ay-aht Forestry Limited partnership operates, in part, as a contractor to Western Forest Products under a capacity building partnership agreement.

**Plutonic Power** – this run-of-river hydroelectric power generation company has approached its projects with a commitment to work with First Nations. It has three executed Impact and Benefit Agreements with the Klahoose, Sechelt and Sliammon First Nations that cover, among other things, training, employment and revenue sharing.

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- **Entering into partnerships with private companies.** This is perhaps the area that has grown most substantially in recent years. The private sector increasingly is coming to understand that as Aboriginal rights and title become clearer through jurisprudence, and as public perceptions and political reality shift, partnerships with First Nations can be an effective method of moving forward with new development and business activity where there is a need to consult with and accommodate First Nations interests. As the hope of quickly solving the myriad of land claims in BC through treaties has faded, partnerships have become a more popular way to make progress in a way that benefits both partners.

## Issues

### ***Access to Capital***

One obvious limit to First Nations' participation in the economy is access to capital. Successful First Nations have used several means to overcome this common barrier.

One option is to negotiate a treaty under which there is a capital transfer. The Huu-ay-aht and other Maa-nulth First Nations initialed their Final Agreement in December 2006 and are working toward a 2010 effective date. They entered into the treaty as a way to regain self-determination, with the intention of using the wealth provided under the treaty to become self-sustaining over time, primarily through economic development. Both Treaty Settlement Lands provided under the Treaty and capital transfers are direct sources of wealth for the participating First Nations and are expected to provide them with the capital needed to generate economic activity.

As noted above, partnerships with private investors can also be a way to gain access to capital. This option often brings with it access to business and technical expertise. For example, the Hupacasath have developed micro-hydro run-of-river hydro-electric generation projects in partnership with private sector industry experts. Increasingly, businesses wanting to operate on the land base in BC have recognized that entering into partnerships with First Nations in whose traditional territories they wish to do business is necessary. This in turn can be a source of capital for the First Nations, as noted above in the case of Plutonic Power.

Reserve land is not usually a direct source of capital for First Nations, although it can be an important source of revenue. Leases can generate revenue and some forms of First Nation land interests can be used as security for borrowing. Often strict prohibitions on the alienation of land to non-First Nations interests make it difficult to mortgage interests in the land. That can be true even under Treaties and self-government agreements, depending on the provisions and the land use legislation of the First Nation. However, new forms of First Nations interests in land are being developed that 'walk the line' between maintaining First Nations' control of their land and providing the ability to use the land as mortgage security.

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## ***Jobs vs. Profits***

A strategic question that must be addressed by every First Nation contemplating economic development is whether their objective first and foremost is to produce jobs for members or instead to build a profitable, sustainable business.

One would expect, of course, that every profitable, sustainable First Nations business would also produce some First Nations jobs. But as suggested in the Harvard Project quote above if the predominant strategy puts jobs before profits and sustainability, that can often be a recipe for high costs and impaired competitiveness, ultimately resulting in business failure.

Some projects, such as residential development and other capital projects, may primarily result in short-term jobs during the construction phase and one-time profits. Other projects may be more ongoing in nature, such as timber harvesting or eco- and cultural-tourism businesses, where long-term profits (and jobs) depend upon a sustainable business.

Successful First Nations increasingly recognize the need for their ventures to be operated on a profit maximizing, sustainable basis – and have organized themselves accordingly. This includes ensuring an appropriate role for the First Nation's Council or other governing body in setting the broad direction for businesses owned by the First Nation. The Council also has a responsibility to its members to hold band-owned businesses accountable for their use of band resources, whether those are capital, harvesting rights or other resources. Ultimately in these cases, it is the Council that is responsible for assuring effective financial administration of all entities within band control.

However, it is important that First Nations business enterprises operate in a way that is sustainable and provides the greatest potential for profitability over time. This requires day-to-day enterprise management that has a well-defined mandate and the responsibility to fulfill that mandate without unnecessary interference. It does not mean that management should be left alone completely, but it does imply that the roles of Council (setting the overall direction and accountability framework) and management (day-to-day operations) need to be clearly distinguished.

In many cases, external expertise will be needed to help manage businesses owned by First Nations, or a board of directors for First Nation business enterprises may have to be supplemented with outside members to address issues of capacity and required expertise. Some of these boards may be legal boards under the chartering legislation of the business while others are advisory boards without legal foundation but with an important advisory role nonetheless. Examples of this are the Lisaak and the Huu-ay-aht forestry businesses, the former with a legal board of directors and latter with an advisory board.

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A board of directors for band-owned businesses can be an effective tool for Council to deliver on its accountability role. As with any business, outside directors can also make valuable contributions toward developing and furthering business relationships and providing insights into new or developing markets and opportunities.

Two-year Council terms imposed by the federal *Indian Act* have been cited as a significant barrier to building capacity and leadership in First Nations. This is especially true for smaller First Nations, where it is often even more difficult to separate business issues from politics. With such short terms for governments, these issues become harder to address.

### ***Governance and Transparency***

If one accepts the argument put forward by Cornell and Kalt in the quotation above, then the key to attracting “investors” in First Nations businesses lies in governance and leadership. This applies regardless of whether the “investors” are private sector businesses, band members deciding whether or not to live in the community, or non-members pondering whether to take a job in a First Nation business enterprise.

Good governance requires transparency. It is essential that the First Nation government, and every other government in Canada, be open and honest in its dealings with its members and with those with which it does business, in order to gain and maintain the trust of those “investors.”

Transparency means that there is an open window on the processes of the First Nation’s governance and government. It calls for effective financial management, with budgets and audited financial statements. It entails effective planning processes which regularly solicit and receive input from interested parties and lead to decisions and strategies which are feasible, implemented and public. It also means explaining why important decisions are made and what specific goals are being pursued.

Good governance also requires that the lines of accountability and responsibility between First Nations businesses and First Nations governments are appropriately delineated and segmented. The government, as owner of the business and steward of the First Nation’s resources, must play a key role in setting the direction for its businesses and holding them accountable for performance. However, when the political process is co-mingled with the decision-making of the business, the results are seldom positive. It is important that First Nations businesses are operated as businesses, with well defined objectives and the freedom to make the decisions needed to achieve the goals of the business.

Good governance and transparency have been a challenge for many “status” First Nations under the federal *Indian Act*. In part, this is because “status” First Nations traditionally have not been required or encouraged to practice good governance, to follow sound financial reporting, or to develop capacity more generally.

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**Box 5: Five Governance Principles**

The following five principles are adapted from the United Nations Development Program “Governance and Sustainable Development, 1997”

1. **Legitimacy and Voice** – everyone has a voice in decision-making and good governance mediates differing interests to reach broad consensus.
  2. **Direction** – leaders and the public have a long-term perspective, including an understanding of the historical, cultural and social context.
  3. **Performance** – institutions and processes are responsive to interested parties and are efficient and effective in meeting needs while making the best use of resources.
  4. **Accountability** – decision-makers are accountable to the public, with transparency built upon the free flow of information so there is enough information to understand and monitor decision-makers.
  5. **Fairness** – everyone has an equal opportunity to improve or maintain their wellbeing and there is “rule of law” under which legal frameworks are fair and impartially enforced.
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However, the past few years have seen a greater interest in good governance among First Nations communities, and several initiatives have contributed to strengthening governance in specific cases. For example, INAC has entered into funding agreements with First Nations which recognize those that have achieved better governance by giving them greater freedom to manage their own affairs through what is known as a Canada First Nations Funding Agreement. Institutions like the Institute on Governance<sup>7</sup>. Also, the Aboriginal Financial Officers Association of BC<sup>8</sup> have been working to develop and disseminate best practices for good governance throughout First Nations communities.

First Nations that have achieved self-government, or are in the process of doing so through self-government legislation or treaty are effectively required by those processes to develop and implement governance best practices. For example, modern treaties require financial administration legislation that is based on standards comparable to

those generally accepted for governments in Canada. First Nations with self-government legislation, such as the West Bank and Sechelt in BC, have been quite successful in pursuing economic development, while the Huu-ay-aht has entered into treaty at least in part based on a desire to build on past economic development successes.

Full self-determination may not be a precondition to First Nations increasing their economic activity, but an interest in economic development and in achieving self-determination are often linked. Success in increasing economic activity is much harder without good governance, but rarely is it a treaty or a piece of legislation that actually creates the foundations for good governance. Rather, it is community leaders and

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<sup>7</sup> See [www.iog.ca/](http://www.iog.ca/)

<sup>8</sup> See [www.afoabc.org](http://www.afoabc.org)

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members who understand that transparency is the right approach and is also the best way to advance the long term interests of First Nations.

### ***Building Capacity and Increasing Employment***

Lack of capacity has long been recognized as an impediment to First Nations increasing their economic activity. The question is: how can First Nations move ahead without the human capital in terms of band members with the education and experience to take on challenging projects? Capacity issues apply to chiefs and councilors, administrators, legal counsel, entrepreneurs and those doing other tasks needed to run governments, public services and businesses. Capacity-building has to be a priority for virtually every First Nation in British Columbia, and for the multitude of federal and provincial government programs that aim to support them.

The discussion in the first section of this paper helps to set the stage in pinpointing the opportunities and barriers in education and the vital place of education in building up the human capital of Aboriginal people. Experience is also critical in developing Aboriginal people who can fulfill the various roles that must be played to spur economic development that in turn generates opportunities for First Nations employment.

Lack of capacity often means that critical positions, especially managerial and administrative ones, must be filled by external employees. While sometimes this can be leveraged to provide mentorship and transitional opportunities that build local capacity, in many cases it results in a catch-22 – because the capacity is not there, it is difficult to develop.

This is one reason why some First Nations encourage entrepreneurship among members as a key element of their broader approach to increasing economic activity. Home-grown entrepreneurial capability ensures that as Aboriginal people take ownership and create new business opportunities, they are generating capacity in the process. It is also an effective way to separate the First Nations government from business activity, further enhancing governance.

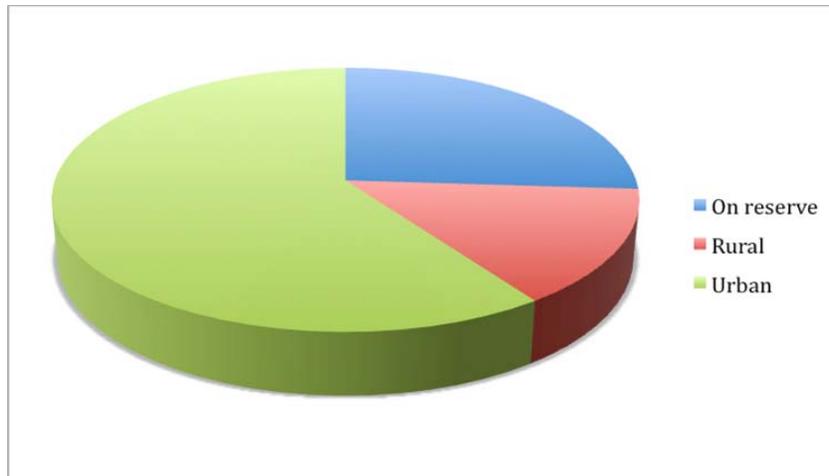
As suggested in the Cornell and Kalt quote above, there is danger in emphasizing short-term job creation over profitability and enterprise sustainability. Many First Nations have pursued a strategy of creating a viable business first and foremost and then working to boost Aboriginal employment over time. As members pursue the education and training they need to get these jobs, they in turn realize that the business is a good “investment” for their education and labour.

For many First Nations, attracting members to the jobs supported by specific businesses can be difficult. There are many reasons for this, but capturing the imagination of young people as they make choices about education and first jobs and providing opportunities for internships and summer jobs in First Nations businesses can be a means to attract members to available employment.

## Location

The work of the Harvard Project indicates that access to economic opportunities is not sufficient to enable a First Nation to succeed in economic development. Nevertheless, location plays an important role in allowing for economic development.

Chart 5 – 2006 Area of Residence for Aboriginal Identity Population



Source: 2006 Census

For First Nations in BC, location of reserves and traditional territory often defines the available economic opportunities. Those located in urban areas are, not surprisingly, drawn to land development for residential or commercial purposes, which can be profitable and sustainable business ventures. Some First Nations have rich natural resource opportunities that can be exploited in various ways. For others, isolation, long distance to markets, a paucity of nearby resources and difficulty in attracting or keeping members close to home present serious barriers to generating economic activity. So, local factor conditions and geographic conditions do matter. For example, eco/cultural tourism is more likely to result in successful businesses for First Nations with major, paved road access than for those who are limited to logging roads, water or air. However, even the most remote communities may have resource-related economic development prospects in the forestry, mining, oil and gas or fishing/aquaculture industries, if they have the governance, desire for self-determination and leadership necessary. It is in rural and remote locations where it will be hardest to attract workers, as demographic changes lead to labour shortages generally. Yet these demographic trends also underscore the fact that First Nations based far from urban centres may still find opportunities for employment and economic development in various resource sectors.

Historically, the only way for many First Nations to obtain employment or the education they desire for their children or themselves was to leave their remote communities. As

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shown on the chart above, about 75% of Aboriginal people in BC live off reserve. Once people have moved away from their community, many do not move back. The discrepancy in educational achievement and employment between on and off-reserve Aboriginals indicates that most of those who stay in rural and remote communities are not getting needed education and skills training. This makes it difficult for Aboriginal people in remote locations to acquire the knowledge and experience to be successful in economic development and to participate in economic opportunities that may arise.

## **Mini Case Studies**

### ***Cowichan Tribes***

Cowichan Tribes is the largest single First Nation in BC, with over 3,700 members, about half of whom live on reserve. Cowichan Tribes is located in the Duncan area on south eastern Vancouver Island.

Cowichan Tribes has developed some of its reserve land in downtown Duncan into a retail mall providing the Band with significant revenues and employment. It has also developed a Casino on reserve land.

Cowichan Tribes has several business enterprises, controlled by a holding company, the Khowutzun Development Corporation. Its various businesses include a pipeline construction contracting company, a cultural and conference centre, a forest service company, a millwork and cabinetry maker and the Cherry Point Vineyards and Estate Winery.

### ***Osoyoos Indian Band***

The Osoyoos Indian Band, a member of the Okanagan Tribal Council, has two reserves with a total area of some 13,000 hectares in sunny south Okanagan Valley. It has over 400 members living and working on the reserve, which is located in one of Canada's few desert areas.

The Osoyoos Indian Band has a wide array of economic projects in operation or being developed. The Band's business enterprises are held and overseen by a holding company structure, the Osoyoos Indian Band Development Corporation. The Corporation has a board of directors that includes both member and "outside" directors. The business enterprises are a cultural centre, a resort hotel and spa, a golf course, a construction company, a forestry company, a concrete and aggregate business, an RV park and Nk'Mip Cellars – the first Aboriginal owned and operated winery in North America.

Much of the credit for the phenomenal achievements of this Band goes to Chief Clarence Louie, who is recognized as the driving force behind this success story since 1988. Chief Louie's vision was to achieve self-sufficiency through economic

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development, a vision that he forged a consensus behind and then proceeded to implement.

Some businesses have been started directly by the Band, where the expertise and ability were present. Others began as joint ventures or partnerships of various kinds. Some of the latter were subsequently taken over completely by the Band, as the human and finance capacity to do so was developed. The Band takes a long-term perspective and is strongly focused on long term sustainability. It also follows fundamental business practices in operating its business ventures.

### ***Plutonic Power***

Plutonic Power is a renewable energy business operating in BC. It has number of run-of-river hydroelectric projects under development, and its operations are found within the traditional territories of several First Nations.

Plutonic has adopted the following ten principles to guide all activities and business decisions related to First Nations:

- Recognize the traditional territories and areas of cultural or heritage interest of First Nations.
- Recognize that First Nations have overlapping or shared territories.
- Respect the diversity of interests and cultures among First Nations.
- Respect the internal affairs of First Nations.
- Have a common commitment to sustainability and respect for the land and its resources.
- Recognize that each First Nation may have interests and objectives that are unique in their business relationships and cooperative ventures.
- Acknowledge there's a shortage of capital to involve First Nations in cooperative ventures and assist them wherever possible in obtaining financing from both the private and public sectors.
- Assist First Nations' ability to develop training, employment and business opportunities in connection with Plutonic's activities.
- Support First Nations' aspirations in securing long term economic development.
- Set objectives and maintain operations that are in the best business interests of the company's shareholders and First Nations.

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By adopting these principles, Plutonic has made a strong commitment to working closely and directly with affected First Nations to provide mutual benefits for the First Nations and Plutonic from the company's energy projects.

Plutonic has also entered into Impact Benefit Agreements with affected First Nations, including the Sliammon, Sechelt and Klahoose First Nations under which the Bands receive annual payments, employment and training opportunities, as well as opportunities for Band-owned companies in the construction and operation of specific projects.

### ***Huu-ay-aht First Nations***

The Huu-ay-aht First Nations is located in the Bamfield area on the west coast of Vancouver Island. Currently there are about 650 members of which about one-third live on reserve. The Huu-ay-aht are one of five Maa-nulth First Nations that initialed a final agreement in late 2006; this was signed in April 2009 and has an expected effective date of mid-2010.

The Huu-ay-aht's motivation for proceeding with a treaty was a broad consensus that the way forward for the Band was to use economic development to become self-sufficient. They believe this requires self-determination, control over most of their traditional territory and capital. A Treaty provides all of these elements.

Early in the treaty negotiation process the Huu-ay-aht began to focus on economic development with their available resources. They now have a forestry operation that has evolved from what initially was a modest silviculture venture to become a full-phase logging contractor which, recently, has started to more market logging under forest licences. As the coastal forest industry has collapsed over the past couple of years, the company has been able to maintain operations, albeit at a reduced rate, by being a niche supplier of wood at a time when major players are largely shut down.

In addition, the Huu-ay-aht have worked diligently to develop a shellfish aquaculture operation. When the Band-owned business proved to be unprofitable, the Band adapted by supporting a member-entrepreneur to begin a new business. That business is focused on a different shellfish species and leases the physical assets and licenses of the Band. A similar change was made in the management of their campground near the end of the West Coast Trail. The money losing Band operated business has now been leased to member, who is able to make a living running it.

Under the leadership of Chief Robert Dennis over the past decade, the Hu-ay-aht have created an advisory board for their forestry business and clearly separated the Council from the day-to-day operations of the business, while still maintaining a direction-setting and accountability role. They have well-developed budgeting and financial administration practices, which will provide a firm foundation for operations under the Treaty and help to establish favourable conditions for new economic development activity going forward.

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In preparation for ratification and implementation of the Treaty, the Huu-ay-aht prepared a strategic plan for the management of the wealth that comes with it. The plan is focused on the land as the basis for the community's future well-being. It includes management of the 8,300 hectares provided under the Treaty together with the purchase of adjacent private lands, a Community Forest Agreement under the Treaty and the purchase of additional area-based tenure from the Province. That will provide a sustainable basis for forestry operations, including non-timber forest resource harvesting.

Some of the capital under the Treaty will be used to purchase land and tenure. The remainder will be split between a perpetual fund intended to support additional operating costs and to provide an emergency fund in the case of catastrophe and funding for additional economic development.

The economic development areas of interest, apart from forestry, are tourism and eco-tourism as well as fisheries and, potentially, run-of-river hydro. The Band views Bamfield as an undeveloped gem with potential to rival Tofino and Uclulet. However, there are barriers to overcome, including the current lack of services in Bamfield and the fact that it is at the end of an 85 kilometre logging road. The Huu-ay-aht are working closely with the community to foster sustainable development that will benefit all. They plan to use partnerships to invite investors in and to continue to encourage member entrepreneurs and develop more Band-owned businesses.

### ***NaiKun Wind Energy Group***

NaiKun Wind Energy Group is developing BC's first offshore wind energy project in Hecate Strait, between Haida Gwaii and Prince Rupert. The project will include 110 wind turbine generators and produce 396 MW of electricity, enough to power 130,000 homes and to off-set 450,000 tonnes of greenhouse gas emissions. Through a transmission line called HaidaLink, the project will provide power to Haida Gwaii, displacing current diesel generation of electricity. The turbines will be located in the traditional territory of the Haida and the transmission line will pass through the territories of three other First Nations.

Since the project was first suggested in 2002 the company has worked closely with the Haida in the planning. What has developed is a unique partnership that will help to ensure that benefits from the project are brought to the North Coast and the Haida Nation, while providing value to NaiKun and other project participants.

The Haida and NaiKun developed their relationship over many years and in 2007 a formal memorandum of understanding was signed setting out the framework for a commercial arrangement and commitments by both sides. In January, 2009 the Haida Nation and NaiKun signed a formal limited partnership agreement that provided for the two partners to share ownership of the operating company that will provide maintenance services to the project. The limited partnership involves for revenue from operating the project, opportunities to fill the jobs created from providing services the project, direct

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involvement in and responsibility for environmental stewardship and the opportunity to build capacity that comes with running a company that could eventually employ 50+ people.

NaiKun has also negotiated commercial agreements with the Lax Kw'alaams First Nation and Metlakatla First Nations which follow a similar framework, outlining commercial terms and partnership opportunities for both First Nations.

From the outset, NaiKun has assumed the authority and jurisdiction of the First Nations whose traditional territory intersects the project. This benefit delivery model puts NaiKun and the Haida at the same table with an alignment of goals; the partnership delivers value to the parties only if the business is successful. Success is more probable when industry and First Nations cooperate and the long-term potential is almost certainly greater than under a traditional royalty or "toll" model. Above all, the partnerships demonstrate the ability of First Nations and industry to work together to ensure First Nations' priorities and goals are addressed.

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### **Proposed Policy Priority**

**There is now a much better understanding of the conditions under which First Nations can become economically successful and the benefits of doing so. The examples in BC of successful approaches and models are mounting up. The next step depends upon First Nations leaders sharing the lessons learned by the First Nations that are leading the way throughout BC First Nations Communities in ways that can be used by others. It also depends on leadership at the Band level with the courage to embrace the principles of nation-building and good governance, and to seek self-determination and self-sufficiency**

**For the federal and provincial governments, the priority must be to maximize flexibility and remove as many barriers as possible to First Nations economic activity while being neutral to the approach or model used, whether it is band-owned businesses, partnerships with the private sector or Aboriginal entrepreneurs.**

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### **Conclusion**

There are two important messages to take away from this paper.

The young and growing Aboriginal population in Canada and BC represents an important potential source of human capital at a time when the general population will be aging and retiring in growing numbers. It is vital that the improving trends in

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Aboriginal educational achievement evident in recent years are maintained and enhanced in order to ensure that BC makes the most of this resource to the benefit of both Aboriginal peoples and the province as a whole.

Recent years have also seen First Nations becoming increasingly successful in business ventures, producing significant benefits for both the First Nations and the economy as a whole. For First Nations, the benefits include revenues that they have earned themselves, plus more jobs and income – but that is not all. The Harvard Project has highlighted the importance of improved governance, self-determination and leadership for the economic and social development of Aboriginal communities. These features provide valuable social and cultural benefits that transcend the economic benefits. Economic success feeds back to enable and foster better governance, self-determination and leadership.

Inevitably, economic development undertaken by First Nations also creates or enables non-First Nations activity as well. Partnerships and other cooperative arrangements allow activity to proceed that would otherwise be limited by the uncertainty of unresolved land claims and lack of modern day treaties. In addition, many non-Aboriginal people are employed by First Nations businesses and capital projects.

What can be done?

Building upon the successes to date, and in order for BC to take advantage of the opportunity offered by the young, underemployed Aboriginal population, it is imperative that the efforts of governments and First Nations to improve Aboriginal education and training at all levels and in all locations become an even higher priority.

In terms of First Nations' economic activity there is much information available that can help First Nations get into business, and various institutions and the programs they offer are also available to assist in the development of governance, self-determination and leadership and in the exploitation of economic development opportunities for Aboriginal communities. The New Relationship and the provincial government's openness to incremental Treaties and partial agreements are providing a basis upon which more First Nations may be able to benefit from increased access to capital, land, resources and self-determination, without the all-or-nothing gamble of a full treaty.

However, perhaps even more important is something that the private sector or other levels of governments can help to supply – leaders with the vision, energy and patience to lead their people to success. Hopefully, the success of others will show more First Nations the path ahead and the benefits that come from embracing the necessary change.