

Frog Lake First Nation and Economic Development:
A Case Study

by

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THESIS ABSTRACT

For many Indigenous societies, ‘rebuilding’ means adapting to the modern ways of capitalism. While a significant and disturbing number of First Nations continue to be subjected to intractable penury, high levels of unemployment, and welfare dependency in contemporary Canada, there are some First Nations who have become, and continue to be, economically successful through economic and business development. Of these economically successful First Nations, the global capitalist system has become the ‘new hunting grounds’ in their cultural and modern survival in Canada. Although the participation of First Nations in the global capitalist economy as a way to improve their socioeconomic circumstances have been the focused of many academic, state, and independent conceptual studies, few have yet to contribute to the understanding of the nascent discipline of AED through empirical research within Canadian First Nations contexts. This case study attempts to fill this gap. Using Frog Lake First Nation (FLFN) as an instrumental case study, this thesis explores the ways in which FLFN’s economic arm, Frog Lake Energy Resources Corporation (FLERC), employs the joint venture model—as its new buffalo—to promote, create, and sustain economic development with the aim of generating substantial wealth, creating jobs as well as other economic benefits for its community members and non-members alike. It also identifies a set of factors that contribute to the economic success of FLFN. Furthermore, it employs the Harvard Project’s Nation-Building Model (NBM) as its theoretical framework, where each of the NBM elements is applied to ascertain its theoretical applicability within the context of the successful economic development of FLFN.

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I am indebted to my thesis supervisor, Dr. Robert Innes, for his guidance, patience, and encouragement. Earnestly, I am very fortunate to have had Dr. Innes as my thesis supervisor at the Native Studies Department; in fact, he really made me understand the process of graduate-level thinking, education and research. As well, I would like to thank Dr. Bonita Beatty for staying on as a Thesis Committee Member for this project. Also, I am grateful that Dr. Bob Kayseas agreed to be part of the Thesis Committee at short notice when other faculty members were not available.

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LIST OF ACRONYMS

AANDC	=	Aboriginal Affairs and Northern Development Canada
AED	=	Aboriginal Economic Development
CAEDS	=	Canadian Aboriginal Economic Development Strategy
CEO	=	Chief Executive Officer
EDP	=	Economic Development Program
FLFN	=	Frog Lake First Nation
FLERC	=	Frog Lake Energy Resources Corporation
FLOS	=	Frog Lake Oilfield Services
DIAND	=	Department of Indian Affairs and Northern Development
IEDF	=	Indian Economic Development Fund
IOGC	=	Indian Oil and Gas Canada
MIB	=	Manitoba Indian Brotherhood
MLTC	=	Meadow Lake Tribal Council
NBM	=	Nation-Building Model
NIB	=	National Indian Brotherhood
OIB	=	Osoyoos Indian Band
RCAP	=	Royal Commission on Aboriginal Peoples

DEDICATION

This thesis project is dedicated to the most important people in my ayâkwew life.

Firstly,

I dedicate this thesis to my mother and father: **Angeline** and **William Berland**.

Secondly,

to my children and grandchildren: Kingston Berland, Nikie Berland, Odessa Berland, Brandi Berland, Dominic Berland, Baby Albert Berland, Baby William Berland, Colton Berland, Isaac Saskatchewan, Keisha Faithful, Coco Berland, Caylo Berland, Hailey Paul, Phoenix Paul-Wapass, Carmine Saskatchewan, Mikka Saskatchewan, Tyler Saskatchewan, Keenan Crevier, Alex Cardinal, Harley Cardinal, Dreyell Berland, Azairiya Berland, Tamara Cardinal, Tia Berland, Raven Berland, Chepryn Cardinal, Carlin Berland, Germaine Faithful, River Faithful, Keanu Waskahat, Joanne (Butter) Saddleback, Empero Corral, Donovan Jr., Sheena Abraham, Zane Wade, Stoney Dion, Ariadne Dion, Jackson Rolling Thunder, and Nate Cross.

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CHAPTER ONE

Introduction

1. **Aboriginal¹ Economic Development: The Context**

As distinct yet colonized societies, Indigenous peoples are struggling to reassert their nationhood, cultural survival and place within modern states. In Canada and elsewhere in the world, their struggle is about rebuilding their nations; it is a ubiquitous and collective act to reclaim their right to self-determination. In the postimperial era, Indigenous societies of what is now North America—who occupied their ancestral homelands for millennia—were redoubtable yet vulnerable in the relentless pursuit of European quest for land and resources (Dickason & McNab, 2009). Unaware of the intentions of permanency of imperial states, Indigenous societies entered a new era—colonialism. Under this omnipotent imperialistic program, the systematic process of colonization subjugated Aboriginal societies, traditions, and belief systems—a process which still remains largely unaltered in modern times. Though some would postulate that the current era is based on neocolonialism, while others vehemently assert the postcolonial thesis, the fact remains: Indigenous societies—in indigenous-occupied regions of the world—must continue to live, adapt, and persevere under the umbrella of colonialism. In spite of the resultant conditions experienced by Indigenous peoples worldwide, the incredible adaptability of many Indigenous nations has sought, and continues to seek, the ways in which they can improve their socioeconomic circumstances and conditions within the global capitalist system.

In the modern era, there is, however, a perceptible number of Indigenous communities rebuilding their nations through participation in the global capitalist economy, while a huge

¹ In this thesis, the term ‘Indigenous’ will refer to native groups of peoples in a global context; ‘Native American’ will refer to native peoples in the United States context; ‘Aboriginal’ will refer to the collective entities of Canada’s Indian, Metis and Inuit peoples as recognized in the *Constitution Act, 1982*; and ‘First Nation’ will be used exclusively to refer to the peoples and communities recognized by the Canadian federal *Indian Act, 1985*.

majority of Indigenous peoples still remain among the poorest in the world (Department of Economic and Social Affairs UNSPFII, 2009, p. 21). In the field of international human rights, the United Nations has made considerable efforts in the past two decades to address the extreme poverty of Indigenous peoples through various international instruments. Among those instruments is the *United Nations Declaration on the Rights of Indigenous Peoples*, which was adopted as international law on 13 September 2007. Although Canada, along with the United States, Australia, and New Zealand, first voted against the *Declaration* before finally adopting it, the *Declaration* stands as a powerful global force for the “advancement and recognition” (Fontaine, 2010, p. 8) of Indigenous peoples. Article 3 of the *Declaration* states:

Indigenous peoples have the right to self-determination. By virtue of that right they freely determine their political status and freely pursue their economic, social and cultural development.

Canada’s opposition to the Declaration was based on its alleged incompatibility with Canada’s Constitution and the Canadian Charter of Rights and Freedoms. In response to the Harper Government’s position, “UN High Commissioner for Human Rights and former Supreme Court of Canada Justice, Louise Arbour, publicly expressed her ‘astonishment’ and ‘profound disappointment’” (Open Letter, 2008; cited in Hartley, Joffe & Preston, 2010, p. 205). Nevertheless the *Declaration* has fundamentally transformed State-Indigenous relations; at the same time, it provides a global framework for the development and progression of Indigenous societies—economically, culturally, socially, and politically. As well, the events leading to the *Declaration* were within the backdrop of the first *International Decade for Indigenous Peoples* (1995-2004) followed by a second UN-designated *International Decade* (2005-2014). Globally, Indigenous peoples number about 370 million. Moreover, “[w]hile they constitute approximately 5 per cent of the world’s population, indigenous peoples make up 15 per cent of

the world's poor. They also make up about one-third of the world's 900 million extremely poor rural people" (Department of Economic and Social Affairs UNSPFII, 2009, p. 21).

In 1996, the Government of Canada published a five-volume comprehensive report called the Royal Commission on Aboriginal Peoples (RCAP). This Report, which examined a wide range of social and economic issues and made numerous recommendations on those issues, has been the most in-depth, comprehensive study on Aboriginal issues in contemporary Canada. Due to the rapid increase of the Aboriginal population of which 56 per cent are under 24 years of age (compared with 34 per cent of all Canadians), the Commissioners said the following regarding employment:

...our estimate is that more than 300,000 jobs will need to be created for Aboriginal people in the period 1991 to 2016 to accommodate the growth in the Aboriginal working-age population and to bring employment levels among Aboriginal people up to the Canadian standard (RCAP, 1996, vol. 2, pt. 2, p. 775).

While the Commission called for federal economic development policy and programs to be consistent with the needs and aspirations of Aboriginal people, the approach to Aboriginal economic development, the commission favoured:

...integrated, holistic approaches to 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. In the absence of improvements in these other areas, economic development will be curtailed (RCAP, 1996, vol. 2, pt. 2, p. 800).

Clearly, the historical and current deplorable circumstances upon which Aboriginal people find themselves are the result of Canadian policies primarily since in the introduction of the *Indian Act, 1876*. This has become common knowledge. Whether today or in the past, "First Nations people are the poorest in the nation and, on average, have incomes well below the

poverty line” (Frideres, 2011, p. 67). During the post-White Paper era, the concept of Aboriginal self-determination was never more pronounced; arguably, the sociopolitical landscape of Canada had been significantly altered as more and more Aboriginal nations and their organizations were demanding for increased autonomy so that they could begin to address widespread and abject poverty experienced by their people. The pursuit of Aboriginal self-determination was also implicit to economic self-sufficiency; Aboriginal nations were well aware of the need to participate more fully in the wider Canadian economy (Cardinal, 1969). To that end, an emerging Aboriginal economic development project was demanding space in the political economy in Canada.

Thus far you may well have noticed that this case study supports the thesis that capitalism—through the participation in the global economic system—can be an effective survival mechanism for Indigenous peoples worldwide. While it is acknowledged that not all Indigenous people will embrace the seemingly foreign system of capitalism as a modern way of survival, Aboriginal nations—particularly those in the Canadian context—are adapting the fundamental precepts of capitalism into their realities (Newhouse, 2009, p. 110). Today, many First Nations desire to improve their socioeconomic circumstances; arguably, this desire is manifested in the process of ‘rebuilding’ their nations on their own terms and to a level they find acceptable. In turn, that process of rebuilding includes—and must include—a calculated participation in the wider economic system in their approaches to sustainable economic development. In effect, the sphere of the capitalism is now the modern hunting grounds for those Aboriginal nations who choose to participate.

Before we continue any further, let us briefly frame the unique set of socioeconomic circumstances upon which Aboriginal people find themselves today. Though tautological, it will

provide an undeniable generalized perspective on the magnitude of the socioeconomic conditions subject to Aboriginal peoples in their daily lives. These social, economic, and health issues are well-documented in Canada. On average, the Aboriginal person in Canada must endure: poverty, overcrowded living situations, overt and covert racism, ill-health, diabetes, a state of joblessness, intergenerational problems such as the effects of the residential schools, the high suicide rate among their youth, a welfare economy, and so forth. As well, the Aboriginal person will likely experience: a shorter life expectancy, alcoholism, violence, abuse of drugs, low-paying employment, a disproportionate chance of incarceration, little or no education or training, an urban way of life, loss of language and culture, teenage parenthood, and so forth. For First Nations communities, they will likely be subject to the restrictive nature of the *Indian Act* system, welfare economies, lack of capital for economic development, a growing and young population, lack of appropriate and adequate institutions, and so on. And the list goes on. This set of circumstances is further compounded with a growing population, where “[t]he Aboriginal population is the fastest growing, and youngest segment of the Canadian population.” Specifically, “[b]etween 2001 and 2006, the Aboriginal population grew four times faster than the non-Aboriginal population and, with a median age of 26.5 years, is 13 years younger, on average, than the rest of the Canadian population” (DIAND, 2009, p. 3). Almost half (48 per cent) of the entire Aboriginal population is under the age of 25 years (Statistics Canada, 2006). In terms of the unemployment rate, the Aboriginal population figure at 14.8 percent while the non-Aboriginal population is at 6.3 percent. The average income for the Aboriginal population is \$23,888 whereas non-Aboriginal incomes are considerably higher at \$35,872 (Statistics Canada, 2006).

In an amazing display of resiliency, Aboriginal people have participated, and will persistently continue to participate, in the wider economic system to improve their current socioeconomic circumstances. To fully understand the dynamics of this observation and other economic activities employed by Aboriginal people is to appreciate the distinct form of Aboriginal economic development (AED) as a necessary and valid field of inquiry. Such a discipline is both required and possible so that it can inform federal and provincial economic policies and programs that can properly address the unique set of circumstances experienced by Aboriginal peoples and their communities. It can also assist policy-makers in developing appropriate economic development strategies unique to a region or industry. Equally important, it can effectively begin to predict outcomes that may otherwise be unwanted or not desired.

In spite of this incredible scenario of indigence among the Aboriginal Peoples in Canada and the socioeconomic disparities between them and the rest of Canada, there is hope. Whether through federal economic development funding and programs, the settlement of comprehensive and specific land claims, partnerships in the private sector, or entrepreneurship in the knowledge economy, the resiliency of Aboriginal leaders and their communities is a testament to their efforts to rebuild their nations. In the process of rebuilding, several improvements are occurring: Aboriginal economic ventures are creating jobs and opportunities; investments are showing high human, social and financial returns; the development of institutional capacities is creating conducive local environments for sustainable businesses and economies; alliances are created with outside economic partners; and a shared benefit is realized while contributing to local, regional and national economies. Undeniably, Aboriginal economic development is the means by which Aboriginal peoples and their communities can improve their circumstances, while maintaining their cultural identities, languages and ways of life. Among recent First Nations

economic successes in Canada is the story of Frog Lake First Nation (FLFN)—a story that has prompted the decision to produce this study. Though this study focuses on just one First Nation community, it is nonetheless an economically successful story worthy of analysis to determine the factors and practices that account for the success. Perhaps this one story can serve as a model for other First Nations in similar circumstances that will encourage them to explore economic possibilities within the global capitalist system.

1.1 Statement of Thesis

This case study will advance the thesis that the most effective approach to economic development employed by FLFN—through its band-owned oil company, the Frog Lake Energy Resources Corporation (FLERC)—is the joint venture model applied in the oil extraction programs on its reserve lands. The resultant state of their approach to development has created a unique yet belated opportunity for FLFN to begin the process of rebuilding their community including language, culture, policy development, education, and so forth. Through economic development, FLFN has become a successful First Nation community in Canada. It is successful to the extent that FLFN now possesses the financial capacity from its economic development program to provide adequate funding for on-reserve service delivery programs as well as new housing projects, per capita distributions for community members, and increased funding for post-secondary students. Furthermore, it is also successful because its economic development program is sustainable, viable and diversifiable. It is within this context that FLFN is defined as successful in this case study. Before this current state of economic success which they now enjoy, FLFN was, without question, heavily reliant on federal funding to sustain all on-reserve programs; in fact, new housing projects and per capita distributions were, idiomatically, few and far between. FLFN—which was once in an almost complete state of dependence on federal

funding—is now increasingly progressing towards economic self-reliance and self-determination. Their economic success is the result of FLFN’s approach to development through the joint venture model; in fact, as will be demonstrated, the joint venture model has been the most effective economic model for FLFN. Let me deconstruct this position so that one can fully appreciate what is presented and how the thesis is developed in this case study.

Upon closer examination one will detect four interconnected elements that must be emphasized to fully comprehend the thesis advanced in this case study: economic development, joint venture model, lands, and industry. Let me succinctly explain each in turn to demonstrate how these elements comprise and interplay in FLFN’s approach to development that are critical to improving and sustaining the overall quality of life among the community of FLFN. Economic development can be described as the vision of the community; it is a shared goal that is part of their aspirations of self-determination, nationhood, and economic self-sufficiency. To achieve these goals, the joint venture model is employed as the primary vehicle in the development process. To create (or attract) joint ventures, reserve lands are used as a form of assets (or collateral equity) in the joint partnership process. To create wealth and opportunities from reserve lands, the oil industry is targeted in the approach to development. Hence, this process in FLFN’s approach to development has created, and will continue to create, sustained economic development including wealth generation, job creation, and other community economic benefits, while improving the quality of life among the people of FLFN.

1.2 Objective, Purpose, and Research Questions of Case Study

The primary objective of this inquiry is to examine the perspectives, experiences, and strategies of Frog Lake First Nation during the course of its successful economic development program. As well, the purpose of the study is twofold: first, the FLFN economic development

approach can serve as a model and practical guide for other First Nation communities in similar circumstances; and second, this case study will not only contribute to the newly emergent body of literature on AED, but it will also increase our current state of knowledge and understanding through the empirical nature of this research and application of economic theory in a uniquely Canadian First Nation context. At the outset it is important to note that the case study is about a celebration of economic self-determination, where it seeks to accentuate the ways in which FLFN has determined, and continues to determine, its future, economically.

The central research question that has guided this inquiry is: what factors contribute to the economic success of FLFN? The subsidiary questions are: (1) what strategic economic model contributes to the successful economic development of FLFN? and (2) to what degree does the nation-building model (NBM) apply to the successful economic development within the context of FLFN?

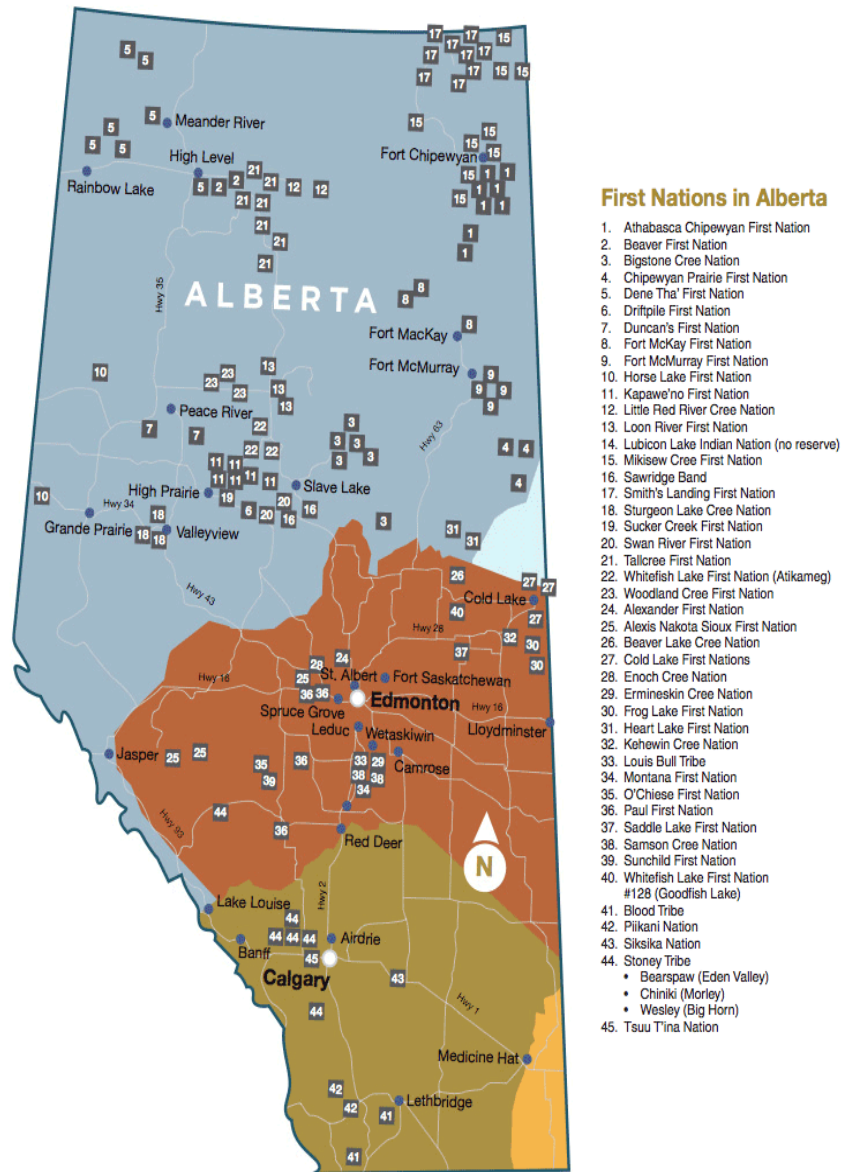
1.3 Frog Lake First Nation: The Case Site

1.3.1 Community Profile

Frog Lake First Nation is a Plains Cree community in Alberta, Canada (see Map 1-1). Recognized as an Indian band pursuant to the *Indian Act*, FLFN is comprised of two reserves called Unipouheos (#121) and Puskiakiwenin (#122). In September 1876, hereditary Chiefs Puskiakiwenin and Tustukiskwes (father of Unipouheos) on behalf of their bands respectively, signed and thus became signatories of Treaty Six at Fort Pitt, near present-day Onion Lake, Saskatchewan. Before Chief Tustukiskwes had the opportunity to select the location of his reserve, he passed away and left his chieftainship to his son, Unipouheos. Though independent bands before the signing of Treaty Six, the two chiefs chose land adjacent to Frog Lake. While Chief Puskiakiwenin chose land directly west of Frog Lake, Chief Unipouheos chose land generally south of the lake. In 1914, the two reserves of Unipouheos and Puskiakiwenin were

amalgamated into one band: Frog Lake First Nation. Geographically, FLFN, along Secondary Highway 897, is located in east-central Alberta and approximately 300 kilometers east of Edmonton, Alberta.

MAP 1-1 First Nations in Alberta



Source: First Nations in Alberta, Aboriginal Affairs and Northern Development Canada, 2009.

In terms of governance, FLFN is democratically governed by one chief and six councilors who are elected on two-year terms. As an *Indian Act* band government, it provides governance and administration for programs and services primarily for on-reserve residents. To a significant extent, the institutional framework of FLFN is largely based on the *Indian Act* system; for instance, FLFN does not have its own constitution, sets of laws or codes, custom membership and election codes, community-designed land use policy, and so forth. As a result, it must rely on the policy frameworks and processes pursuant to the *Indian Act* in order, for example, to conduct elections. In terms of tribal council and organization affiliations, FLFN is a member of the Tribal Chiefs Ventures Inc., which assists member First Nations in human resource development, technical services, and various other services. The FLFN is also a member of the Confederacy of Treaty Six First Nations, an advocacy political organization that promotes, protects, and advances Treaty rights for its member First Nations. In another organization, FLFN is one of eight members of the Blue Quills College, where a designate serves as a voting member on the Board of Governors. Since 1971 Blue Quills College provided quality adult and higher education programs for its member First Nations and others in a unique academic framework based on partnerships with numerous academic institutions such as Athabasca University.

FLFN, one of 45 First Nation communities in Alberta (see Map 1.1), has a registered population of 2,896 as of June 2012. Of this population, 1,597 live on-reserve, 1,035 live off-reserve, while 260 live in other First Nation communities (AANDC, 2012). Due to the gross lack of community records and statistics, the unemployment level, for example, could not be ascertained. However, we can demonstrate that the estimate of the unemployment rate is high.²

² This analysis does not include the Morning Sky Health Centre as it receives separate funding from Health Canada and has its own policies.

With an on-reserve working age population of roughly 1,100, FLFN—the biggest employer of the band—employs approximately 150 people in total. One-third is employed at the local K4 to Grade 12 school, while the remaining is employed in various band-related programs such as finance, housing or daycare (Price, personal interview, June 2012). The core area—which includes the Band administration and the majority of departmental offices, Head Office of the Frog Lake Energy Resources Corporation (FLERC), Portage College, newly-constructed ice arena, water treatment plant, lagoon, community hall, convenience store, trailer court, and Sundance and pow-wow grounds—is located on the southern section of the reserve. Located in proximity to the old school on the north end of the reserve, Chief Napewaew Comprehensive School is a relatively new educational facility, which offers standard programs from kindergarten to Grade 12, with a student enrollment of approximately 300 students on a given academic year. While two primary core areas concentrate band facilities, residential units are evenly distributed throughout the reserve. The number of units has increased substantially to 376 due to recent new housing projects. Accessible primarily by a secondary highway, FLFN sits on 18,845.40 hectares of land alongside the southern and western parts of Frog Lake.

On its official website, it describes the community as follows:

Frog Lake is rich in natural resources and has its own oil and gas drilling facilities. We believe that when armed with appropriate resources, our Community holds the capacity and ingenuity to ensure the sustainable economic future which includes the preservation of our spiritual and cultural ways for all community members. This has enabled us to approach our challenges with determination and confidence

Our progressive leadership has developed strong relationships with industry. The vision we have for our community involves a proactive community-led economic and business development strategy. It is supported by the knowledge and resource stewardship traditions of our

members partnered with the best knowledge and expertise of today's society.³

1.3.2 Financial History and Context

After approximately 30 years of some form of financial co-management imposed by DIAND, FLFN has recently got its 'financial house in order' (Price, personal interview, June 2012). But before this attainment, FLFN was in a continual state of financial chaos and reached a critical point in 2005. In fact, FLFN was in a deficit of approximately \$5 million, characterized, for example, by constant vendors' requests for outstanding payments, potential litigation as well as local financial institutions or cheque-cashing stores unwilling to negotiate band cheques often due to the band's accounts being insufficient. For FLFN, the issue was financial management; there were no clear, defined financial policies in place; and more importantly, there lacked enforcement mechanisms in the policy on the expenditure of federal funding and capital trust funds. Increasingly, FLFN was moving away from co-management to third-party management because it continued to produce annual deficits. Though third-party management was never imposed, DIAND remained intrusive in its approach to resolve FLFN's state of financial chaos. In fact, at one point, it was almost in receivership. Current FLFN Councilor Wayne Faithful, who took the lead role in the opposition of the application of receivership, claims: "When we were in co-management or pretty much 'third-party', the co-manager Kelly Chow wanted to put Frog Lake under receivership so that he can control everything. These were very difficult times for Frog Lake. We didn't want co-management nor receivership because it would've stopped or shut down FLERC's oil operations, it would've placed barriers on us Council, and the people would've suffered even more just to please Indian Affairs" (Faithful, personal interview, June 2012). It was recommended by the co-manager and

³ Frog Lake First Nation. Refer to www.froglake.ca

DIAND that FLFN be placed in receivership so that its assets and properties would be protected (or preserved) during litigation. Receivership never reached the courts.

While the period in the preceding discussion characterizes a governance system without effective financial policies, the situation today is considerably different. FLFN now sits in a surplus position as opposed to a deficit one. In fact, “FLFN has over \$250 million in assets; it has substantial capital in both the capital and revenue trust accounts and has lucrative investments” (Price, personal interview, June 2012). With effective financial controls now in place along with key positions at the band’s administrative level, FLFN operates under this sound financial system based on accountability, transparency, and redress. As a result, this move towards capacity development and institution-building at the administrative level not only created an effective management team including a qualified financial controller, director of operations, and other qualified individuals in key positions, but it also resulted in a healthy institutional environment where the spheres of administration and politics complement each other. No longer encumbered by an imposed interventionist system (or a set of unfavourable conditions) at the administrative level, the FLFN government and community can pursue economic, political, and social goals in their aspirations of increased self-determination, economic self-sufficiency, and an enhanced quality of life.

1.3.3 Band Revenues and Expenditure

Excluding its own source funding, FLFN receives annual block funding in the approximate value of \$10 million under the Comprehensive Funding Agreement (CFA) from the Aboriginal Affairs and Northern Development Canada (AANDC; formerly known as Department of Indian Affairs and Northern Development [DIAND]).⁴ While the CFA’s financial contribution to the total operating budget of the band is roughly half—which is

⁴ To avoid confusion, the common acronym ‘DIAND’ will be used interchangeably with AANDC.

intended to support basic services such as social assistance programs, education or housing—the other half is supported through other sources (as indicated in the breakdown below). To fully support the growing population and its demand on services and programs, the CFA funding is completely inadequate or not enough (Price, personal interview, June 2012). Consequently, other sources of funding must be explored and exploited. In the three primary sources of revenue for each fiscal year are as follows:

- (1) CFA Funding
- (2) Band Trust Funding
 - a. Capital
 - b. Revenue
- (3) Shareholder Dividend Payment / Investment Return
 - a. IMI Brokerage
 - b. Pimee Well Services Inc.
 - c. Seven Lakes Drilling
 - d. Four Lakes Drilling
 - e. Frog Lake Energy Resources Corporation (FLERC)
 - f. Frog Lake Oilfield Services
 - g. Savanna Drilling
 - h. Fosters Construction
 - i. Impact Benefit Agreements

In terms of expenditure, the total operating budget for FLFN is approximately \$20 million per year. The major expenditure items for the Band are:

- (1) Wages and benefits
- (2) Capital-based Projects
- (3) Program-related Services

1.3.4 Economic Development

The socioeconomic picture of FLFN has generally improved. Until recently, FLFN was among numerous First Nations in Canada with no sustained economic development in sight. Before FLERC's involvement as an active participant in the petroleum industry, FLFN relied heavily on federal CFA funding, and royalty revenues generated via extraction of oil and gas by

non-Aboriginal oil companies such as Husky Oil Operations (Husky) and Canadian Natural Resources Limited (CNRL) were very limited to the Band. FLFN's economic development approach was limited to leasing its reserve lands for natural resource exploitation to outsider oil companies.

This all changed when FLFN created and incorporated Frog Lake Energy Resources Corporation (FLERC) in 2000. The objective was to create self-generating wealth for the community with the aim of creating economic opportunities and benefits for its members. To the elected leadership, they saw economic opportunities in the petroleum industry. Within a decade, FLERC has not only reached institutional and operational capacity as an operating oil company, but it has generated approximately \$55 million in royalties for FLFN (FLERC, 10 Year Review, 2012), and perhaps more importantly, it has built a net worth of \$175 million (Dion, personal interview, June 2012). In terms of royalties generated through oil and gas activities on reserve lands, over \$288.6 million has been deposited in the FLFN's trust account since 1990. As indicated above, FLERC's royalty contribution has been unprecedented and substantial, comprising almost one-fifth of the total royalty revenues generated to date. And, what is even more important is that the generation of capital will continue to increase exponentially if on-reserve oil production programs are accelerated and if the demand and price of oil in the global markets remains relatively strong. In addition to the generation of capital via royalties, capital is also significantly generated through other lucrative revenue sources as a result of the Band's investments, ownerships, and strategic partnerships with various businesses—outside the business framework of FLERC.

To reiterate, this thesis generally argues that the most effective way to create a healthy, viable, and self-sustaining community in FLFN is by means of economic development. As will

be demonstrated, self-managed economic development is the primary vehicle by which FLFN can begin to improve socioeconomic circumstances faced by its members, while retaining significant control over their natural resources on its reserve lands. Furthermore, the approach to economic development is creating substantial wealth through business development; economic returns through investments; and dividend payments through shareholder ownerships. Arguably, economic development is paving the way to prosperity for the people of FLFN, and will continue to do so for generations to come.

1.4 Theoretical Framework

1.4.1 Nation-Building Model

Since the creation of Frog Lake Energy Resources Corporation, the community of FLFN—primarily due to the employment of the joint venture model—has achieved an unprecedented level of economic prosperity, while maintaining the sustainability of its economic development enterprise as well as the creation of jobs and other economic benefits. To critically examine and analyze the set of circumstances unique to the successful economic development of FLFN, this qualitative case study has employed the nation-building model (NBM) as its theoretical model. Due in large part to its acceptance and popularity in Indigenous-occupied regions of the world, the considerable flexibility—if not universality—of this multifaceted conceptual framework as well as the vernacular manner in its presentation, the NBM, while unique in many respects and seemingly theoretically sound, has been subject to rigorous application in the context of FLFN. At the outset of the inquiry, it was anticipated that the NBM would possess a certain degree of applicability within the FLFN context. To determine the degree of its applicability, one of three research questions for this case study is devoted to this particular theoretical issue. In other words, using FLFN as a case study, the NBM was, in a sense, on trial in a uniquely Canadian First Nation context.

To be discussed in more detail in Chapter Three, below is a list of the components that comprise the NBM. They are:

- *De facto* sovereignty (i.e., local autonomy or decision-making)
- Effective institutions (i.e., established rules and mechanisms and reliable bureaucracies)
- Cultural match (i.e., legitimacy between the community and governance systems)
- Strategic orientation (i.e., long-term and forward-looking vision)
- Leadership (i.e., First Nation leaders should be nation-builders and mobilizers)

1.5 Organization of Thesis

While this current Chapter provided the context and framework for the thesis, Chapter Two discusses the methodology employed in this case study project. Chapter Three is a literature review that incorporates academic, state, and independent research on the subject of Aboriginal Economic Development (AED). It begins with an historical assessment of AED; it is then followed by an analysis of the recent emerging literature including the identification of relevant themes and gaps. Chapter Four identifies the four factors that contribute to the economic success of FLFN—thus answering the case study’s central research question. Furthermore, this chapter also provides an answer to the first of two subsidiary research questions posed in this case study. In its contribution to theory as well as the expanding body of knowledge, Chapter Five ascertains the theoretical applicability of the Harvard Project’s nation-building model in the context of FLFN—thus answering the last subsidiary research question. Finally, in Chapter Six, I present the findings of this case study. I also provide some reflective commentary on the research contributions, implications for research, and final thoughts of this inquiry.

CHAPTER TWO

Research Methodology

2. Introduction

The intent of this qualitative inquiry is twofold: one, ascertain what (and how these) factors contribute to the economic success of Frog Lake First Nation through the economic strategies employed by FLERC; and two, determine the degree of theoretical applicability of the NBM within the unit of analysis (FLFN). To accomplish these objectives, the research question was explored through an instrumental case study. The holistic nature and approach of the case study was a suitable strategy of inquiry for this thesis-based project. Based on this approach, it also sought to ascertain as well as highlight the ways in which one First Nation community (i.e., FLFN) has employed, and continues to employ, successful economic development strategies as it actively and effectively participates in the Canadian and global economy. In the pre-data collection stage, great effort was made to understand thoroughly the systematic processes involved in case study methodology especially where a single case (or unit of analysis) is the subject being studied. Furthermore, it was recognized at the outset that insider research may affect the conceptual issues of generalizability, reliability, and validity in this case study. With these in mind, this social science inquiry has firmly centred itself within a conceptual approach to research with the objective of upholding these methodological issues so that the pursuit and attainment of empirical and theoretical knowledge can be viewed and accorded as legitimate research.

In this chapter I present the strategy of inquiry, data collection methods, and analytical techniques employed in this project as well as the ethical review and approval processes. Paradigmatically, this study is qualitative in nature and process; it does, however, incorporate

quantitative data to supplement this case study. Qualitative research is a “process of examining and interpreting data in order to elicit meaning, gain understanding, and develop empirical knowledge” (Corbin and Strauss, 2008, p. 1). Methodologically, the choice of research strategy has been determined by the research questions presented earlier. The central and subsidiary research questions reflect the “how, why” (Yin, 2003, p. 5) form of questioning; this determination has justified the applicable strategy of inquiry: the case study. Bouma, Ling, and Wilkinson (2009) claim that a “guiding principle of all good research is to let the research question determine the data collection strategy rather than the other way around. Good researchers will use the method that best answers the research question posed” (p. 40).

2.1 Negotiating Researcher Dualism

As a Treaty member of the Frog Lake First Nation, I have been, and will continue to be, a contributor in various capacities—linguistically, socially, ceremonially, and intellectually—to my home community. As an insider, my personal, cultural, and political connection to FLFN is ineluctable; at the same time, the Indigenous scholar within propels me to assume the responsibility to the contribution of knowledge to two seemingly opposing worlds—Aboriginal society and the academy. Due in large part to the positive aspect of this exploratory study (as opposed to the identification of a problem or problems to be addressed or resolved), the elicitation of participants’ responses has been a relatively effortless task. In fact, the rapport in the interviews provided eager and enthusiastic responses in the telling of the story of FLERC. In an effort to address the methodological issue of over-rapport, I reminded each participant to see me as they would an outsider researcher. Further, despite my insider status, I conducted myself—both in appearance and in the manner in which I posed questions—with a professional comportment of a qualified social science researcher. Though access to the community or

participants was based on prior relationships, my insider status did not guarantee automatic approval from the FLFN Chief and Council to conduct this case study. In September 2011, after a formal presentation made to Chief and Council in Frog Lake, Alberta, my research proposal received unanimous approval via motion pursuant to the policy of Band Council meetings. Undeniably, insiders have certain research advantages within their home communities. Robert Innes (2009) explains that “[t]heir insider status, however, gives them a deeper contextual insight into the community. This insight allows them to develop better research questions that challenge preconceived notions of the group and expand scholarly understanding of the subject” (p. 447). Regardless of whether done by an insider or outsiders, this case study is about a success story of one First Nation community in Canada that saw an opportunity to become economically self-sufficient with the goal of improving their socioeconomic circumstances, while preserving their cultural identity, language, and way of life. This, in itself, significantly and impressively outweighs some of the futile or pointless critiques on insider research advanced relentlessly by positivists and objectivists alike.

2.2 Strategy of Inquiry: The Case Study

In qualitative case study research, “the case study is used in many situations to contribute to our knowledge of individual, group, organizational, social, political, and related phenomena” (Yin, 2003, p. 1). A case study, operationally framed within a bounded system, is intended to isolate and capture the complexity and uniqueness of a specific case or cases (Stake, 1995). Nagy Hesse-Biber and Leavy (2011) claim that, “because the case is investigated from many different angles and pays attention to many different dimensions of the issue, case study is typically able to avoid the kind of essentialist and context-free analyses that have historically been harmful to disempowered groups” (p. 256). Uniquely and definitively characteristic of the

case study approach, O’Leary (2010) claims that a “case study is all about depth; it requires you to dig, and to dig deep. You need to delve into detail, dig into context, and really get a handle on the rich experiences of the individual, event, community group, or organization you want to explore” (pp. 173-74). For Eisenhardt (1989), she defines case study “as a research strategy that focuses on the dynamics present within a single setting” (p. 534). It should be noted that data collection in case study research is typically extensive, drawing on multiple sources of information, such as interviews, direct and participant-observations, documents, archival records, and physical artifacts (Yin, 2003; Creswell, 2007). Additionally, the “methods can vary depending on the case and related research questions but often include interviews, oral history, ethnography, and document analysis” (Nagy Hesse-Biber and Leavy, 2011, p. 256).

Let us now turn to the type of case study employed in this research. Stake (2005) identifies three types of case studies: (1) intrinsic case study (to understand the particular case holistically); (2) instrumental case study (a case is studied to generalize or provide insight into a larger topic); and (3) multiple case study (multiple cases are studied together to investigate a larger phenomenon or population from which the cases are drawn) (cited in Nagy Hesse-Biber and Leavy 2011, p. 258). Methodologically, this social science inquiry employed the instrumental case study—as it was the best methodological strategy to answer the proposed research questions, which ultimately identified the factors that contribute to the economic success of FLFN as well as it assessed and determined the extent of the theoretical applicability of the NBM. In addition, the case study findings have implications on the current oil and gas enterprise and business strategies of FLERC, and the local economic development program and policy, while serving as a model for other First Nations in similar circumstances. Because this case study is an empirical inquiry into the successful economy of FLFN and evaluation of the

applicability of the NBM within the case site, the instrumental case study approach was strategically applicable as it captured the FLFN's perspectives of success and strategies employed by FLERC; in addition, it provided a unique opportunity to test the NBM within this context. In both exploratory and explanatory in nature, this instrumental case study produced a description of the economic development strategies and produced an economic development model predicated on the unique circumstances of FLFN; and it has also applied the theoretical model of the NBM, thereby contributing—as empirical research—to the larger picture of AED with the aim of providing insight into the complexities of First Nations economic development within the oil and gas industry.

2.3 Data Collection Methods

The process of data collection occurred in two phases. The first phase was an extensive review of documentary material on the subject of AED, the Harvard Project, and the FLFN. The second phase consisted of semi-structured in-depth interviews with seven individuals for this study (to be discussed below). Equally important, I want to make clear of other unconventional data collection methods that played a large part in this case study: non-face-to-face interviews via email, telephone, and (with one particular participant) text messaging. While the semi-structured in-depth interviews were conducted with participants present, I employed the use of emails, telephone calls, and even text messaging to follow-up on areas or responses that I either did not completely comprehend, or whereupon it implicated other areas, or where I needed clarification or confirmation. As such, these methods proved effective.

2.3.1 Documentary Analysis

As secondary data, an extensive examination of a number of documents, records, and other written material was conducted. Considered an unobtrusive data collection method, document analysis, or sometimes referred to as content or textual analysis, is a systematic and intensive

process of collecting, reviewing, interrogating, analyzing, and labeling themes or categories in various forms of text as well as the examination non-textual materials such as photographs, music, television, and so forth (Nagy Hesse-Biber and Leavy, 2011; Wisker, 2008; Bell, 2010; O’Leary, 2010). Traditionally, the content analysis method was the systematic examination of written text or information in the context of quantitative research, where researchers would count or quantify the occurrence of variables or recurring concepts. Increasingly, “[m]any researchers now don’t think in terms of qualitative or quantitative when they think about content analysis—content analysis merges these categories and can be considered a hybrid” (Nagy Hesse-Biber and Leavy, 2011, p. 232). Characterized as having hybrid and unobtrusive qualities, “[t]he strength of this method is that it enables researchers to examine patterns and themes within the objects produced in a given culture. Researchers can analyze preexisting data to expose and unravel macro processes” (Nagy Hesse-Biber and Leavy, 2011, p. 233).

First, initial documentation (i.e., community meeting minutes, select band council minutes, band council resolutions (BCR), capital monies requisition documents, and correspondence from external agencies) were examined to understand the socio-economic, cultural and political factors behind the community’s decision which resulted in the materialization of FLERC. Second, economic development documentation (i.e., FLERC annual financial and audit reports, community meeting minutes with emphasis on community business plans and investment plans, joint venture agreements, consultation documents, and a 10 Year Review report by FLERC) were examined to identify emerging themes which, part of an interrelationship of factors, contribute to the economic success of Frog Lake. Third, community-specific documentation (i.e., economic development policies, annual band and program progress reports, community meeting minutes, Windtalker newspaper editions, and community website) were examined to

develop a collective mental picture of the community in relation to FLERC. Finally, evaluative documentation (i.e., awards, government publications such as the Alberta Chamber of Resources, business publications such as the Native Business Development Magazine, and websites such as the National Aboriginal Achievement Awards Foundation [now called Indspire]) were examined to develop an external viewpoint by various agencies in relation to the economic growth as evidenced through FLERC. In addition, Indian Oil and Gas Canada (IOGC) supplied necessary royalty financial information of FLFN as well as information regarding the nature and extent of Aboriginal-owned oil companies in Canada. Beyond documentary analysis of materials specifically on FLFN and FLERC, I had to also consult academic, state, and independent literature to fully understand the technical-based subject area of the oil and gas industry including the market structure, specialized jargon, and IOGC's role as well as the systematic processes in the exploration, drilling, and production of oil. In other words, I had to educate myself about the oil and gas industry and how it related to the topic in this case study.

2.3.2 In-Depth Interviews

A large component of the empirical data gathered in this research has been obtained through conducting semi-structured in-depth interviews. Semi-structured interviews propose “a series of set questions to be asked and space for some divergence,” (Wisker, 2008, p. 195). The types of questions within the interviews focused on producing data on why and how factors contribute to the economic success of FLFN. As a guide, I devised a set of questions for each respondent to encourage unsolicited discussion and thereby elicit “thick descriptions” (Geertz, 1973). The interviews were audio-recorded and transcribed; the physical integrity of the audio-recordings and transcriptions were safeguarded in my home office throughout the entirety of this project. While some debate surround the use of audio-recordings in interviews, Seidman (2006) claims that tape-recording is a form of “...preserving the words of the participants, researchers

have their original data. If something is not clear in a transcript, the researchers can return to the source and check for accuracy” (p. 114). He further argues that “[t]ape-recording also benefits the participants. The assurance that there is a record of what they have said to which they have access can give them more confidence that their words will be treated responsibly” (p. 114). As such, all interviews have been audio-recorded.

As dictated by the research questions, the data collection method of in-depth interviewing focused on substance-rich areas. Eight formal interviews were conducted with seven key participants, where each signed a Consent Form (see Appendix A) consenting to his or her involvement via interviews. FLERC CEO Joe Dion, a non-community member, was interviewed twice on 11 October 2011 and 8 June 2012; as an instrumental figure, his involvement with FLERC pre-dated its incorporation in 2000 and still involved to the present day. FLERC Chairman John Zahary, also a non-community member, was interviewed on 17 October 2011 at his office in Calgary, Alberta. FLERC President Raymond Quinney, a community member, was interviewed on 8 June 2012 at the FLERC Headquarters in Frog Lake, Alberta. In his capacity as FLERC Oilfield Liaison Melvin Abraham, community member as well, was also interviewed on 1 June 2012 at the FLERC Headquarters. FLFN Councilor Wayne Faithful was interviewed at his office at the Frog Lake Administration Office on 1 June 2012. In another, FLFN Councilor Angeline Berland, a veteran politician, was interviewed at her home in Frog Lake, Alberta on 2 June 2012. FLFN Financial Controller Kevin Price, a non-community member, was interviewed at my home office in Saskatoon, Saskatchewan on 16 June 2012. All interviews were approximately one hour in duration. All except one interview was recorded digitally. An interview guide was utilized where questions were not part of the interview guide. In a fluid manner, subsequent questions were also presented based on the responses of the participants.

Equally important, upon completion of the interviews—namely with Joe Dion, Raymond Quinney, and Melvin Abraham—I found it extremely helpful when the participants, with the aid of several maps of FLFN, visually explained the joint venture operations, identified activity areas with high hydrocarbon deposits as well as explained the systematic process in how FLERC makes the final determination to participate (or not participate) in the drilling of oil wells with its joint venture partners. John Zahary also explained technical terms and processes in the drilling and production of oil on FLFN reserve lands. This exercise proved effective; for example, some technical terms, such as ‘working interest’, were clarified. FLERC, based on the evaluation of its own geologists and engineers, would possess a certain percentage of the working interest on the wells it initially participates. Needless to say, their explanations were extremely helpful as my comprehension of the technical nature of oil and gas development was limited.

2.4 Analytical Techniques

The qualitative data generated from this case study has been analyzed using the data analysis strategies described by Creswell (2007). Drawing upon qualitative data analysis techniques from Huberman and Miles (1994) (see also Dey, 1993; Patton, 1980; Agor, 1980; Lincoln & Guba, 1985; Punch, 2005; Wellington, 2000), Creswell identifies four stages of data analysis: data management; memoing; interpretation; and representation. Data management is organizing the collected data into easily-accessed and retrievable files and units. The memoing of data is the reflection, the writing of fieldnotes in margins that capture short phrases, ideas or key concepts to the researcher all within the initial process of exploring the database. The interpretation, description and classification of data involve the development of themes through a classification system in light of researcher’s views or views of perspectives in the literature. Essentially, the researcher must describe what he or she sees in the context of the setting. In the

final phase, researchers present the data, a packaging of what was found in text, tabular, or figure form. To show different levels of abstraction, researchers may use tables, tree diagrams, or matrices to fully capture induction of themes and conclusions of the study (Creswell, 2007, pp. 150-154).

Based on the above strategy, the data followed a process of transcription, coding, analysis, and presentation of results. Upon receipt of the Transcript Satisfaction and Release form, I began the process of coding the data. The coding process involved the identification and categorization of common themes, topics and phrases. Specifically, using a cross sectional technique, I identified common themes, topics and phrases to isolate a group of factors contributing to the economic success of FLFN; as well, I further isolated segments of the transcriptions to capture the relationship between the identified factors and the outcome of each project (with each joint venture partner).

2.5 FLFN, Departmental and Ethics Committee Approval

The proposal for this thesis project was first reviewed and approved by an advisory committee at the Department of Native Studies, University of Saskatchewan. Using a required template, the proposal was then subsequently reviewed and approved by the University of Saskatchewan Behavioural Research Ethics Board (Beh-REB), which found the proposal to be acceptable on ethical grounds. In hard-copy form, a Certificate of Approval was issued by the Ethics Board, which was presented to the FLFN Chief and Council as well as each participant in the study. On 13 September 2011, I made a formal presentation to the FLFN Chief and Council seeking their approval to conduct the case study on the successful economic development of FLFN. All members of Chief and Council approved the case study. On behalf of Council, Chief

Stanley signed the Research Agreement (see Appendix B) and designated Councilor Wayne Faithful to review the final draft of the thesis.

CHAPTER THREE

Review of the Literature

3. Introduction

This review explores academic, state, and independent literature on Aboriginal economic development. This review exercise will not only describe what researchers have done and identify what they found in their research, but it will also advance the position that this case study will contribute to the current state of knowledge by filling unexplored or neglected areas in the literature on AED. Specifically, this case study will increase our understanding of the joint venture as an economic strategy employed by FLFN in the oil and gas industry. In addition, this case study will identify what and how such a strategy contributes to the sustained economic development of FLFN.

The bulk of this chapter is presented in one section that is further partitioned into three subsections. As a brief historical context, the first subsection will present literature on AED that emerged in the first two-thirds of the twentieth century. The second subsection will present recent literature with the aim of identifying some common themes, and more importantly, identifying some gaps in the literature as it pertains to the topic of this case study. Some of the common themes include Aboriginal participation in the capitalist system as a way to address and thus improve their socioeconomic circumstances; the coexistence of traditionalism and capitalism in the modern approach to development; and the need for sustained capacity development at various levels. This subsection also examines the extent to which the literature speaks to the utilization of joint ventures in various industry sectors. As you will see, the joint venture—as a strategic economic model—in the oil and gas industry is virtually unexplored and thus utterly neglected in the various bodies of literature. The final subsection will examine in

detail the elements in the NBM formulation and relevant commentary on the Harvard Project. This review will end with a summary that identifies the main points of this systematic review exercise.

3.1 Aboriginal Economic Development: Reviewing the Literature

3.1.1 Brief Historical Context on AED

Early studies that explored Aboriginal people and societies rarely included economic development. Among the first of those early studies touching upon First Nations economies was the comprehensive anthropological assessment by Diamond Jenness in 1932. For many, “the standard work in native history from 1932 until the mid-1960s, Diamond Jenness’ *The Indians of Canada* has had enormous influence on our understanding of native history” (High, 1996, p. 250). In his hypercritical, if not derogatory and deterministic, assessment of First Nations history, Jenness applied the modernization theory on Aboriginal economic development and concluded that they “lagged behind in the march of [economic] progress” (1932, p. 28). As he observed that Aboriginal peoples failed to develop or maximize the use of the resources available to them, Jenness was quick to determine the fate of his subjects under study, where he concluded: “Socially they are outcasts, economically they are inefficient and an encumbrance. Their old world has fallen in ruins, and helpless in the face of a catastrophe they cannot understand, they vainly seek refuge in its shattered foundations. The end of the century, it seems safe to predict, will see very few survivors” (1932, p. 350). Evidently, Jenness’ speculations proved wrong. Due in large part by the influence of Jenness’ seminal work, later studies examined economic development upon the supposition that First Nations people were unwilling to participate in the market economy or attempt to stimulate economic growth in their communities (High, 1996). In short, First Nations were viewed as unable to understand the capitalist system and that somehow capitalism—intertwined with individualism—was a foreign

poison to their traditional way of life—intertwined with collectivism (Stanley, 1936). Like Jenness, George Stanley (1936) argued that Aboriginal nations “were unfitted to compete with the whites in the competitive individualism of white civilization, or to share with them the duties and responsibilities of citizenship” (p. vii).

After the end of the Second World War, the socio-political landscape was changing in Canada and other parts of the world. It can be argued that, in some ways, WWII was a necessary international development for Indigenous peoples worldwide; without exception, this global event was inextricably linked to the national and regional political resurgence of the Aboriginal peoples in Canada. In short, the national character of post-WWII Canada was changing: a shift in societal attitudes was an emerging national phenomenon. In addition, while “[t]he postwar decolonization movement throughout the world raised questions among thoughtful Canadians about how long Canada could go on treating native communities as internal colonies” (Miller, 1989, p. 223), the 1960s civil rights movement in the United States also provided a unique opportunity for Aboriginal Canadians to not only reject Canada’s discriminatory policies but to also reclaim their rights to self-determination (Miller, 1989).

In spite of the changes in the *Indian Act* in 1951, the 1950s and 1960s saw little or no progress for First Nations as they continued to live in abject and intractable poverty. By this time, increasing political resurgence resulted in the formations of national and regional (or provincial-based) political organizations by various Aboriginal groups; in effect, the efforts of these organizations, along with increasing Canadian public awareness, prompted a comprehensive study led by anthropologist Harry Hawthorn. The Hawthorn Report, formally titled *A Survey of the Contemporary Indians of Canada: Economic, Political, Educational Needs and Policies*, was released in 1966. As one of the senior staff of this comprehensive inquiry,

Allan Cairns (2000) reveals that the “*Hawthorn Report* of the mid-1960s was a federal government inquiry into the socio-economic, political, and constitutional conditions of status Indians, with the task of advising policy makers of the route to a better future for the Indian peoples of Canada” (p. 11). While the Hawthorn Report advanced 151 recommendations, the “report rejected assimilation as a certainty, proposing instead the concept of “citizens plus” to further emphasize that Indians should benefit from Canadian citizenship while also maintaining those rights guaranteed as a result of status and treaty arrangements” (Belanger & Newhouse, 2004, p. 135). Incontrovertibly, the Hawthorn Report was a first of its kind. It recommended systematic changes in numerous and various areas to improve socio-economic circumstances, and encouraged a renewed relationship between the Canadian state and First Nations. The Hawthorn Report came to an end when “Pierre Trudeau’s Liberal government upon its ascension to power in 1968 arbitrarily dismissed the report” (Belanger & Newhouse, 2004, p. 135). Modernizationist in orientation, the federal government’s 1969 proposal—the *Statement of the Government of Canada on Indian Policy*—commonly referred to as the White Paper “called for the end to the separate legal status for Indian people” (Belanger & Newhouse, 2004, p. 136), among other things.

Though Canada’s White Paper was, by far, the most “breathtaking governmental recipe for equality” in Canada-First Nations relations (Dickason & McNab, 2009, p. 371), the proposal had quite the reverse effect. In short, the White Paper, a typical colonialist document, was a direct, top-down program to—once and for all—solve Canada’s ‘Indian problem.’ Among the objectives of the White Paper included the abolition of the *Indian Act*, elimination of Aboriginal rights as well as the termination of the Numbered Treaties. Categorically, the White Paper represented the Canadian state’s deterministic approach to unilaterally re-institutionalize First

Nations people into the Canadian polity that was based on a liberal concept: equality. At the forefront of widespread opposition to the White Paper was the famous *Unjust Society* by the Late Harold Cardinal who served as the President of the Indian Association of Alberta (IAA)—one of the most powerful First Nations political organizations—during this period. In his castigation, Cardinal (1969) not only denounced the White Paper and its sweeping proposals for change, but he also advanced a particular approach to economic development. Fundamental to this framework, Cardinal (1969) stressed: “[o]ne key factor remains, Indian involvement. Our people want the right to set their own goals, determine their own priorities, create and stimulate their own opportunities and development” (p. 64). Cardinal and other organizations clearly understood that the White Paper was deeply rooted in its dogmatic tenets of paternalism, assimilation and modernization; inadvertently, the White Paper, which was not intended to fuel the national and regional political resurgence of Aboriginal groups across Canada, was the impetus for the Aboriginal self-determination movement. After widespread opposition to the White paper, Aboriginal organizations and communities increasingly asserted self-determination—and with it—an economic development component based on their approach. It is from this context that literature on AED began to surface in the 1970s and onward.

In spite of the White Paper still looming around, the Canadian government established the Indian Economic Development Fund (IEDF) in 1970 in an attempt to foster economic development in Aboriginal communities. While this initiative was the first of its kind, Peter Elias (1991) argued that, “[b]y the late 1970s, aboriginal organizations and communities were coping with government’s narrow focus on economic development through individual initiative. There was little room for political and cultural development or communal interests in

government approaches” (p. 25). The IEDF was replaced almost twenty years later by the Canadian Aboriginal Economic Development Strategy (CAEDS) in 1989.

In 1971, the Manitoba Indian Brotherhood (MIB), which became one of Canada’s more powerful Native organizations, released the *Wahbung: Our Tomorrows* (Belanger, 2010, p. 204). MIB’s response “was a landmark in the evolution of an indigenous approach to development” (Elias, 1991, p. 11). In terms of economic development, *Wahbung* appealed to Canada:

We would ask the private business community to become concerned and knowledgeable about problems of the socially deprived and the economic underprivileged, that they take the trouble to inform themselves as to the extent of this problem, and together with Indian people seek to find ways and means of bridging about a more equitable distribution of wealth and prosperity. Business can provide the vehicle for economic regeneration and we ask that you use your power and influence to participate with us in accomplishing that which the State has not been able to accomplish for the past 100 years (Wahbung, 1971, p. 174).

While other Aboriginal organizations released their respective formal responses to the White Paper during the early 1970s, “*Wahbung’s* ingredients have since been essential in most aboriginal approaches to development” (Elias, 1991, p. 13). *Wahbung* and other formal statements by Aboriginal organizations, as a whole, “provided Canadians with the policy directions that Native people would pursue in the coming years to achieve a stronger, more self-reliant economic base” (Belanger, 2010, p. 204). Its national counterpart, the National Indian Brotherhood (NIB), unsatisfied with the development framework of the imposed IEDF, released the *Strategy for the Socio-economic Development of Indian People* in 1977. This NIB report was important because it not only identified the federal development framework to be inconsistent with Aboriginal aspirations, but it was instrumental in pushing forward an alternative form of development that was more conducive to the social, political, and economic development objectives of First Nation communities (Elias, 1991). While grey literature such as those

produced by the state and Aboriginal organizations dominated much of the growing body of literature in the 1970s, academic literature began to slowly emerge in the same period.

Pre-1970s studies tended to focus singularly on “cultural explanations of underdevelopment” among Aboriginal groups in Canada (Elias, 1975, p. 2). The inadequacy of those perspectives not only explained part of the problems in which Aboriginal people found themselves, but that those orthodox perspectives offered little hope for social change. By the 1970s studies (such as Daniels 1970; Dunning 1964; Elias 1975) shifted away from cultural contextual perspectives to established economic theories of Aboriginal development with the objective of explaining socioeconomic circumstances and how those new approaches provided an empirical opportunity to earnestly improve social and living conditions through federal policies and programs. To illustrate Peter Elias’ (1975) employment of the metropolis/hinterland model in a case study in Churchill, Manitoba found that, despite non-Aboriginal workers in the hinterland who used their labour to participate in the peripheral economy spurred by the exploitation of the metropolis, Aboriginal workers were systemically excluded from the hinterland’s wage labour economy and thus became a “permanently unemployed class subsisting on social assistance” (p. 2). Elias’ work makes significant contribution and thus exposed that capitalist development creates and perpetuates a permanent social underclass of Aboriginal people in the metropolis/hinterland economic system in northern Canada.

By the mid-1980s the “integrated approach had once more been set aside by Ottawa, and a more singular view of development took precedence—economic development” (Frideres, 1998, p. 431). From this context a growing body of research began to emerge in response to development strategies that narrowly focused on economics alone as well as on the increasing exclusion of culture as part of the development process. Among the few books published in the

1980s on the emerging, demanding field of economic development was a comprehensive case study by Fred Wien (1986), *Rebuilding the Economic Base of Indian Communities: The Micmac in Nova Scotia*. Incorporating large amounts of empirical data and various theoretical perspectives in an attempt to elicit a general conceptual framework, Wien found and thus proposed for the increased role of the public sector in its institutional, interventionist approach to development; its role should essentially support community-designed development initiatives to create a solid economic base. While Wien's study contributes to knowledge and literature in which he also identified the necessary development of institutional capacity on Micmac communities, he was part of a vanguard of academics that began to identify necessary development elements and processes based on their research findings.

By the early 1990s economic development can be described as stand-alone field of inquiry. As such, AED literature was making a presence and demanding its place. Accordingly, academic literature on AED—in the form of books (for example, Wien, 1986; Bone, 1991; Ponting, 1991; Elias, 1991, 1995; Notzke, 1994; Sloan & Hill, 1995)—began to appear. Among those studies were Peter Elias' *Development of Aboriginal People's Communities* (1991) and *Northern Aboriginal Communities: Economies and Development* (1995) that provided much-needed source for Aboriginal people, academic and policy-makers alike. Though justifiably yet highly descriptive, Elias' first book produced a detailed study on various initiatives and approaches to economic, social and political development employed by Aboriginal communities and businesses across Canada. As editor, his second book—with an appended annotated bibliography—provided detailed case studies on economic and business initiatives undertaken by northern Aboriginal communities in their involvement in development. According to Elias,

“there is now enough reliable information about Northern aboriginal communities, that planners and decision makers can (sic) use of it to guide development initiatives” (1995, p. 23).

3.1.2 Reviewing Relevant Literature: Some Themes and Gaps

There is general consensus that the proliferation of AED research in Canada was directly influenced by the release of the Royal Commission on Aboriginal Peoples (RCAP) in 1996. It can be observed that the field of AED first appeared in the 1970s and more so in 1980s, burgeoning into a demanding distinctive research field by the 1990s. There is general agreement among research communities that economic development is key to sustained development as an effective approach. This observation is based on the systematic production of knowledge by researchers in the various research communities; it is an acknowledgement that contributes to the emerging picture of the field of AED as a distinct form of economic development.

As part of the construction of AED as a valid discipline, the academic community has taken on the task to not only define AED, but also seeks to build a conceptual structure around it. And, to a lesser extent, the academic community has generated some theoretical frameworks. As an emergent discipline, Hindle and Moroz (2009, p. 19) claim that embryonic disciplines tend to “begin on the periphery of existing paradigms,” Hindle and Lansdowne (2005, p. 133) found the lack of a formal “structure in the literature,” while Kayseas, Hindle and Anderson (2006a, p. 225) found that “[r]esearchers interested in developing a better understanding of Indigenous entrepreneurship must essentially act as pioneers in the field.” Kayseas et al. (2006a, p. 225) go on to suggest some critical points: “New theoretical frameworks must be developed, cumulative research efforts must begin, and the boundaries of Indigenous entrepreneurship must be developed. There is still not yet a critical mass of researchers in this field.” In terms of the

definition, while Australian scholars refer to AED as Indigenous entrepreneurship, AED remains the preferred term in the Canada. Hindle and Lansdowne (2005) define Indigenous entrepreneurship as

...the creation, management and development of new ventures by Indigenous people for the benefit of Indigenous people. The organizations thus created can pertain to either the private, public or non-profit sectors. The desired and achieved benefits of venturing can range from the narrow view of economic profit for a single individual to the broad view of multiple, social and economic advantages for entire communities. Outcomes and entitlements derived from Indigenous entrepreneurship may extend to enterprise partners and stakeholders who may be non-Indigenous (p. 132).

Canadian scholar Robert Anderson (2002) defines AED within a context of a unique set of circumstances affecting Aboriginal peoples and communities. He writes:

The Aboriginal people approach to economic development is predominantly a collective one, centered on the individual First Nation or community.

For the purposes of:

1. Attaining economic self-sufficiency as a necessary condition for the realization of self-government.
2. Controlling activities on traditional lands.
3. Improving the socioeconomic circumstances of Aboriginal people.
4. Preserving and strengthening traditional cultures and values.

Involving the following processes:

5. Creating and operating businesses that can compete profitably over the long run in the global economy, to build the economy necessary to support self-government and improve socioeconomic conditions.
6. Creating and operating businesses to exercise the control over the economic development process.
7. Building capacity for economic development through: (i) education, training and institution-building, and (ii) the realization of the treaty and Indigenous rights to land and resources.
8. Forming alliances among themselves and with non-Indigenous partners to create businesses that can compete profitably in the global economy (p. 12).

Building on the above definition, Anderson goes on to define entrepreneurship and its role in the Aboriginal approach to economic development:

Entrepreneurship is a process that involves the application of the technology of management (a set of principles and tools) to the building of enterprises, organizations and institutions that satisfy society's needs and wants (Anderson, 2002, p. 51).

Though it has become common knowledge that Aboriginal participation in the capitalist system has created sustained economic development with the aim of improving their socioeconomic situations, I want to stress—if not confirm—this prevailing theme across research communities in the literature. It provides a general conceptual framework by which research efforts can begin or increasingly focus on AED as this has been, and continues to be, the overall determinant in the positive development of Aboriginal societies in modern times. To support this claim, one not only needs to look at the volume of studies that has increased since RCAP's release in 1996, but also the substance and recommendations in those studies. Undeniably, a significant part in the RCAP report viewed economic development as a vehicle to achieve sustained development. At the same time, the Commissioners warned that, if nothing is done, “the cost of the status quo could increase by 47 per cent over the next 20 years, from \$7.5 billion to \$11 billion by 2016” (RCAP, vol. 5, p. 49). Academic research was also echoing the need for special strategic approaches in the field of economic development. In his reasoning Anderson (2001) hypothesized that:

The current socioeconomic circumstances of Aboriginal people in Canada are unacceptable and they will worsen over time unless ‘something’ is done. The cost of failing to do ‘something’ will be immense and will be borne by all Canadians not just Aboriginal people. The ‘something’ that needs to be done is economic development (p. 41).

As academic research was quick to incorporate (or critique) the RCAP findings and recommendations, other significant state research efforts have also provided some of the

initiatives, processes, and conditions necessary to foster economic development in Aboriginal communities. In *The Promise of the Future: Achieving Economic Self-Sufficiency Through Access to Capital*, the National Aboriginal Financing Task Force (1997) identified an eight-step process for Aboriginal communities to achieve economic sufficiency. Among those recommendations was the need to develop businesses: “The most effective way (and probably the only way) for Aboriginal/First Nations communities to address their current socio-economic challenges is to create wealth through business activity” (p. 14). While this report was suggestive in nature, the joint project by the Native Investment and Trade Association and Growth Strategies International (1998) found that:

The factors that influenced the success of Aboriginal enterprises to the greatest extent were a determination to innovate by developing new products and processes, to develop core competencies like marketing skills, and to find new customers and markets. The more that companies did these, the more successful they were (p. 4).

In a presentation to the Standing Senate Committee on Aboriginal Peoples (2007), Matthew Coon-Come not only addressed the need for economic development, but also the need for Aboriginal involvement in the process. He stated:

I do not think any First Nation community is anti-development, whether we are talking about hydro-electric development, forestry, mining, the tar sands or the pipe lines. The Aboriginal people are talking about having a share in the wealth of this country. I am talking about revenue sharing and having a say in the way that development takes place (p. 69).

While the above statement underscores and necessitates a relationship between Aboriginal people, state, and the provinces, Kayseas, Hindle, Anderson, and Camp (2005) observed that:

Many see economic development as the key to success. This is certainly true for the Aboriginal Peoples of Canada (the First Nations, Métis and Inuit). Through entrepreneurship and business development they believe they can attain their economic and ‘nation-building’ objectives. Many Aboriginal groups in Canada believe they can achieve these purposes

through participation in the global economy and have adopted processes that reflect this belief (p. 1).

Among the common themes in the AED literature is the coexistence of the Aboriginal worldview with Western capitalism. More specifically, recent studies have shown that successful economic development in Aboriginal communities—through the participation in the global capitalist system—continues to be based on the incorporation of their cultures, histories, and belief systems. As such, this new form of development can be described as an alternative approach to development. This alternative approach, while still predicated on the tenets of capitalism as it seeks to create wealth and prosperity, is being applied within a unique set of circumstances experienced by First Nations people and communities. Mohawk scholar David Newhouse (2009), who coined the phrase ‘capitalism with a red face,’ argues that Aboriginal societies are undergoing, if not already embracing, the ubiquitous process of modernization: “[t]his process is resulting in the development of new identities and new social, political, cultural and economic institutions within aboriginal societies” (p. 108). He goes on to argue that “[t]hese institutions ... will be primarily Western in nature and will be adapted to operate in accordance with aboriginal traditions, customs and values (Newhouse, 2009, p. 108). In another highly descriptive study, Indigenous scholar Wanda Wuttunee (2004), while drawing heavily on the Elements of Development model by Salway Black (1994), found that the blending of tradition with capitalism among eight community-owned businesses can be economically successful in the wider Canadian economy. In *Sharing Canada’s Prosperity—A Hand Up, Not a Handout*, the Standing Senate Committee on Aboriginal Peoples (2007) concluded that “it is evident that Aboriginal Canadians want to benefit from economic development, but “own their own terms” ... [and that] economic opportunities must fit into their cultural framework” (pp. 4-5).

Capacity development is another common feature in the AED literature. Capacity development is used to describe the development of human, social, and financial capital necessary to create and sustain economic development. In its report *From Vision to Venture: An Account of Five Successful Aboriginal Businesses*, the Conference Board of Canada (2008) identified nine keys critical to success. In terms of experience and expertise, they said:

Aboriginal entrepreneurs that have education, training, and/or workplace learning in business are better equipped to succeed, particularly if that expertise is industry related. Aboriginal businesses that encourage a learning environment in the workplace and facilitate knowledge transfer reap the benefits of the improved productivity and work quality of their employees (p. 42).

Recent and much research share this need for human capacity; moreover, it is a theme that tends to dominate independent research. In addressing external investor confidence in relation to human capital, Tim Raybould (2006) reveals some of the concerns investors may have in their investments in Aboriginal communities:

‘Human capital’ is, of course, as vital as physical capital, so an investor might well ask “What is the availability of a labour workforce?” “How well trained is it?” “What educational facilities exist nearby?” (p. 15).

In fact, what these themes refer to is the construction of a process to building (or rebuilding) areas in the community to create sustained economic development and community well-being. For some, the emphasis of process is along different lines. For example, Cynthia Chataway (2002) argues that social capital is just as important as other forms of capacity in the development process. She posits that “generalized trust (social capital), and a capacity to discuss rather than suppress conflict (social cohesion), are crucial to long-term success in economic development and self-government” (Chataway, 2002, p. 76). The feature of financial capacity is another concern that permeates the literature. Not only at the individual level, but it is a far greater challenge for First Nation communities to secure capital (or loans) due to the inflexibility

of the regulatory regime of the *Indian Act* (RCAP, 1996). In one of its annual reports, the Auditor General of Canada said:

First Nations told us they have difficulty accessing capital. Investing in economic development activities requires capital. Most of the First Nations we visited do not have large investment funds and, under the provisions of the *Indian Act* and other agreements, they cannot use reserve land, often their most valuable resource, as collateral for loans (Economic Development of First Nations Communities: Institutional Arrangements, 2003, p. 7).

Thus far this case study has presented some of the emerging themes in the literature on AED. Recent academic, state, and independent studies have observed and identified specific economic strategies as part of the approaches to development employed by Aboriginal people. Among those strategies is the joint venture—the focus of this case study. In fact, a considerable number of economically successful First Nation communities in Canada have and are utilizing joint ventures (also referred to as corporate/Aboriginal alliances or strategic partnerships) as the primary vehicle to sustained economic development in their participation in the global capitalist economy (Kayseas, Hindle, Anderson & Camp, 2005; Anderson, 1997). This case study—through FLFN as the single unit of analysis—seeks to expand on this discussion of joint ventures with the objective of increasing our understanding about how this strategy is being employed to create wealth, jobs, and other benefits within the oil and gas industry. Not only have First Nations built sustainable economies through joint ventures, but their successes have been showcased and thus serve as a model for other First Nations who wish to create sustained and viable economies. In its most basic form, a joint venture is “an economic partnership” (Ferrazi, 1990, p. 15). More specifically, a “joint venture is a contractual arrangement between two or more investors to share the control of an activity.... Usually a joint venture is formed for a particular business purpose or project.... [It is] a written, legally binding agreement that clarifies the terms of the venture, including the rights and responsibilities of the investors....” (Anderson,

2002, p. 104). As well, “[c]ontrols, revenues, and other benefits are divided between the partners based on a negotiated agreement and the proportion of the shares held by each partner” (Fraser, 2002, p. 42).

Among earlier studies on joint ventures was the study by James Frideres (1984). Focusing on natural resource development among First Nation communities in Alberta with large fossil fuel or hydrocarbon deposits, Frideres’ (1984) exploratory study outlined the types of strategies (or agreements) used to exploit natural resources which include three methods: concession, the most common approach, requires little or no capital from the band and its involvement minimal; joint venture, where two (or more) partners pool their interests such as capital, capacity, and land in order to develop the resource potential; and service contract, as opposed to a concession where band transfer title of lands to developers, an oil company is hired to extract the oil for a contractual price (p. 59). In a later study Frideres (1998) found that First Nations were also utilizing other methods in the development of on-reserve natural resources, which included the co-management partnership, management agreement, community development corporation, and local producers’ cooperatives (pp. 446-449). Though the exploratory research by Frideres (1984, 1998) was essentially describing some of the First Nations economic strategies employed in resource development, his studies were important because it not only underscored emerging economic opportunities in the oil and gas industry, but he found that economic strategies can be used to further develop communities that go beyond First Nations as simple beneficiaries of royalties.

By the 1980s, Aboriginal groups in Canada were forging new links with the mainstream economy; they saw an economic opportunity that can be achieved through a form of partnership with private business partners in various industries. For many this new partnership was based on

the joint venture model. While Frideres (1984) explored some of the ways in which First Nations can exploit their natural resources in relation to DIAND's policy, Gabriele Ferrazzi (1989) further examined joint ventures in various industries and some of the associated benefits (and trade-offs) as well as the lack of research available for joint venture partners and policy-makers. Gabriele Ferrazzi (1989) argued that Aboriginal people have been drawn to the joint venture model out of necessity, and saw this approach as the only way to overcome barriers such as the lack of capital, technical and managerial capacity. He identified some of the benefits in joint ventures including the obtainment of sufficient capital to finance a venture; attainment of some form of control over development; receiving a portion of venture profit; achieving greater local employment; transferring of managerial and technical skills; and sharing of risk (Ferrazzi 1989, p. 18). Ferrazzi (1989, pp. 20-21) found that Aboriginal groups were creating economic partnerships in various industries:

testing, manufacturing and marketing a new irrigation hose (Membertou Band and a Texas Entrepreneur);

designing, manufacturing and marketing fiberglass canoes (James Bay Cree and Yahama);

dressmaking and dyeing operation (Nipissing Indian #10 and de'Medici & Company of Milan, Italy);

resource development-related trucking industry (Lac La Ronge Indian Band and Trimac Transportation);

manufacturing chopsticks (Sturgeon Lake Band and Harbin International Corporation for Technology and Economic Development); and

drilling and service rig operations (Denendeh Development Corporation, Métis Development Corporation, and Esso combined to form Shehtah Drilling Ltd.).

Ferrazzi not only found that the joint venture model has been the preferred and perhaps the most effective method employed by Aboriginal people as part of their approaches to economic

development, but he also warned that “the successful management of the joint venture, including its highly charged political context, will be hampered by the dearth of relevant research conducted to date that could provide useful guidance to practitioners and government policy makers (1989, p. 27). He observed that “practitioners and government facilitators are learning as they go along, with all of the inefficiencies this entails.” To avoid this, Ferrazzi encourages that “more researchers, government policy makers and practitioners [must] choose to formalize and disseminate the learning so that potential joint venture partners will avoid some pitfalls and not have to reinvent the wheel” (1984, p. 28).

While academic inquiries by Frideres (1984, 1989) and Ferrazzi (1989) were highly exploratory in that they were describing the emerging trend of economic development through the use of joint ventures in various industry sectors, Sloan and Hill (1995) have taken a different approach which looked at corporate ‘partnership’ policies and programs—in both the public and private sectors—“designed to build constructive partnerships with communities and expand employment and business opportunities for Aboriginal people” (Sloan & Hill, 1995, p. ix). This trend in corporate Canada, Sloan and Hill (1995) observed that “[t]he number of Aboriginal relations programs in Canada has grown significantly in each of the past three decades, with the greatest growth in activity taking place in the last five years” (p. x). In one of their case studies, they found that the corporate policy of Syncrude—one of Canada’s largest oil producer in the oil sands—has resulted in job creation for Aboriginal workers as well as contractual work for Aboriginal businesses. Aside from the misnomer of the book’s title *Corporate Aboriginal Relations: Best Practice Case Studies*, Sloan and Hill (1995) neglected to incorporate some of the joint venture arrangements between First Nations and industry partners; instead, they focused on the goodwill of the public and private sectors, and not on joint venture arrangements already

in place which are often characterized as equal partnerships. While Sloan and Hill's (1995) research was intended to assist corporations in developing and implementing Aboriginal programs, Lewis and Hatton (1992) published a much-needed practical and useful guide titled *Aboriginal Joint Ventures: Negotiating Successful Partnerships* to assist Aboriginal communities considering the joint venture as an economic strategy with the overarching goals of "maximizing benefits while reducing risks" (p. 54).

Among empirical research that began to increase our understanding into joint ventures is the case study of the Meadow Lake Tribal Council's (MLTC) forestry activities by Anderson (1997). He found that, while First Nation businesses—who appealed to the corporation's 'profit motive'—resulted in "lasting business alliances" (p. 1491), "an increasing number of companies are [also] adopting a strategy involving business alliances with aboriginal people in order to penetrate their market and/or gain access to their resources" (Anderson, 1997, p. 1499). He also found that joint ventures and/or collectively owned businesses were the preferred business forms in MLTC's economic strategies; these business forms did well for MLTC from the "perspective of revenue, long-term profitability and the creation of permanent employment" (Anderson, 1997, p. 1499). Similar to the results of the above case study, Kayseas, Hindle and Anderson (2006a), in another case study involving the Osoyoos Indian Band (OIB), found that strategic partnerships were effective economic strategies in the service and winery industries. Critically, central to these industries was OIB's main resource: land. In fact, the "Osoyoos Indian Band have mobilized their real estate assets from potential capital into annual revenues—even while it is still under the authority of the Department of Indian Affairs" (Kayseas et al., 2006a, p. 235).

Researchers such as Frideres (1984, 1998), Ferrazzi (1990), Anderson (1997, 1999, 2002), Fraser (2002), and Kayseas, Hindle, Anderson and Camp (2002) have increased our

understanding of joint ventures as economic strategies and its use into various industries. With the exception of a very brief discussion of a joint venture between White Bear Oil and Gas and Tri Link Resources Ltd in Anderson's (1999) work, in-depth academic analyses of joint venture partnerships between First Nations and oil companies are virtually unexplored and thus neglected in the literature. What are readily available are countless oil industry joint venture partnerships and success stories among state research. The extent to which state research claims successful joint ventures is merely informative rather than a critical examination of them. As such, this case study contributes to this unexplored area; as well, it is important to fill this gap as more and more First Nation communities are seeking the joint venture as an economic strategy in their approaches to economic development. As contemporary Aboriginal leaders demand for increased revenue sharing, perhaps the method to achieve this can be accomplished via joint venture model.

Recent studies on AED and joint ventures have made strategic use of the case study method. Hindle and Moroz (2009) claim that "the emergent Indigenous entrepreneurship canon features more conceptual than empirical works and what empirical studies do exist tend to be case studies. This is not an unusual situation for an embryonic discipline" (p. 19). In fact, it is abundantly clear that case studies dominate much of the research communities (for example, Anderson, 1994, 1999, 2002; Vodden, 2002; Slowey, 2008; Innes & Pelletier, 2008; Wuttunee, 2004; Kayseas, Hindle & Anderson, 2006a; Kayseas, Hindle & Anderson, 2006b; Hindle, Anderson, Giberson & Kayseas, 2005; Anderson & Bone, 1999; Goodfellow-Baikie, 2006; Conference Board of Canada, 2008; Johnstone, 2008; Belanger, 2005; Smith, 2002; Boyd & Trospen, 2010; GBC Group Inc., 2010; Inkster, 2009). Undeniably, this methodological choice

of research has provided, and will continue to provide, for an in-depth understanding of AED among diverse Aboriginal groups in various industry sectors in Canada and elsewhere.

3.1.3 The Harvard Project

As part of the theoretical component in this case study, the nation-building model—as the primary theoretical framework—was employed to determine the applicability in the context of the successful economic development of FLFN. The following subsections will examine the components that comprise the NBM and some of the leading critiques, commentaries, and observations on the Harvard Project.

3.1.3.1 The Nation-Building Model

By the 1980s a discernible pattern of economic success was emerging among Native American tribes in the United States. Though few in number, Native American tribes were breaking away from historic and established patterns of poverty. From this observation led to the research efforts of the Harvard Project on American Indian Economic Development (Harvard Project) to explain this phenomenon in ‘Indian Country.’ Founded in 1987 by sociologist Stephen Cornell and political economist Joseph Kalt at the Kennedy School of Government, Harvard University, their primary (or original) research has taken them to over sixty-seven Native tribal communities in the US. After years of research, the Harvard theorists identified a three-point formulation, which was later supplemented with two additional elements, called the nation-building model (NBM). The Harvard Project now operates in association with the Native Nations Institute (NNI) at the University of Arizona’s Udall Center for Studies in Public Policy.

The Harvard Project sought to answer three questions: “What works? Where does it work? Why does it work? In other words, what accounts for the economic success of some Indian nations, while others continue to struggle?” (Simeone, 2007, p. 1). After years of research, the answers to those questions have led to the final formulation of key determinants of

economic development success and sustainability. As a theoretical model, the NBM is about achieving: *de facto* sovereignty, effective governing institutions, cultural match, strategic orientation, and effective leadership. In addition, the “most consistent predictors of sustainable economic development on Indian reservations are not economic factors such as location, educational attainment or natural resource endowments but rather largely political ones” (Cornell, 2006, p. 13). The central characteristics of the nation-building approach are described below:

- *De facto* sovereignty—practical decision-making
- Effective governing institutions—institutions based on set of rules
- Cultural match—legitimacy of governance
- Strategic orientation—long-term vision
- Effective leadership—leaders to act as nation-builders and mobilizers

Figure 3-1 The Nation-Building Model

Source: Cornell & Kalt, 2007, p. 19.

In terms of *de facto* sovereignty or practical self-rule, Indigenous leaders must assert and exercise real decision-making authority at the local level. Key to sustainable development, Cornell and Kalt (2007) argue that practical sovereignty not only positions the development agenda in Native hands, but it also increases the degree of leadership accountability in which decisions and their consequences lead to better decisions (p. 21). In other words, “once decisions move into Native hands, then the decision makers themselves have to face the consequences of their decisions” (Cornell & Kalt, 2007, p. 21) or reap the benefits of those decisions. Harvard theorists hypothesize that if federal (or other external) funding agencies continue to set the development agenda on Indigenous communities—typically through a model that is externally-based and top-down in approach—the results of that decision-making process will not reflect the communities’ goals, values and needs that are critical to long-term and sustainable development.

In short, the nation-building approach requires Indigenous leaders to assert decision-making authority so that the development agenda remains an exclusive area to Indigenous governments.

The second determinant is effective governing institutions. This means that Indigenous communities must establish effective and capable institutions to not only support local decision-making, but to create an environment conducive for business growth (Calliou, 2008). To the Harvard theorists, “[t]his is a matter of governing institutions” (Cornell & Kalt, 2007, p. 22). They argue that the assertion of practical sovereignty—by itself—is not enough to create sustained economic development. Rather, practical sovereignty requires the institutional support of local administrative bodies to “get things done reliably and effectively” (Cornell & Kalt, 2007, p. 23); an established, depoliticized ‘set of rules’ such as dispute resolution mechanisms and regulations on the treatment of businesses and enterprises for both local and outside investors; and the separation of the political and business spheres (Calliou, 2008). A stable environment will “send a message to investors—from community citizens considering taking a job with a tribal or First Nation government to those thinking of starting business on Indigenous lands—that they will be treated fairly and that their investments of time, energy, ideas, or money will not be [held] hostage to politics” (Cornell, Jorgensen, Kalt & Spilde, 2005, p. 5). They stress their key research finding in that—typically—Native American tribes have “developed a reliable and politically independent court system” (Cornell, Jorgensen & Kalt, 2002, p. 4), ensuring a separate judicial process on the resolution of disputes from political interference.

The third determinant is cultural match. This requirement, the Harvard theorists argued, is “a fit between those governing institutions and indigenous political culture—in short, the institutions had to match indigenous ideas about how authority should be organized and exercised; otherwise, it would lack legitimacy with the people being governed and would lose

their trust and allegiance” (Cornell, Curtis & Jorgensen, 2004, p. 7). In other words, cultural match refers to the legitimacy of governance; with it, community members view their government as the politically appropriate unit responsible for the strategic directions of the community. Conversely, “[w]here cultural match is low, legitimacy is low, and governing institutions are more likely to be toothless, ignored, disrespected, and/or turned into vehicles for personal enrichment” (Cornell & Kalt, 2003, p. 202).

The fourth prescription is strategic orientation, albeit less systemically addressed in their research. The Harvard theorists found that economically successful communities are those that “moved away from crisis management and opportunistic, quick-fix responses to development dilemmas and toward long-term decision-making that incorporates community priorities, concerns, circumstances, and assets” (Cornell, Jorgensen & Kalt, 2002, p. 5). They argued that Indigenous nations should approach community development by asking one fundamental question: “what kind of society are we trying to build?” (Cornell & Kalt, 2007, p. 25).

The final determinant in the NBM formulation is effective leadership. Essentially, leaders must possess the capacity and serve as nation builders and mobilizers. Proactive—as opposed to reactive—in nature, leadership is effective when “[t]here is some group or set of individuals who are willing to break with *status quo* practices in development and governance, can articulate a new vision of the nations’ futures, and can both understand the effectively encourage the foundational changes that such visions require” (Cornell, Jorgensen & Kalt, 2002, p. 5). Like strategic orientation, effective leadership has received less systematic analysis in their field research; however, they strongly believe that, as their evidence suggests, effective leadership is a critical factor in fostering sustainable economic and community development.

In their circumspection, the Harvard theorists claimed simultaneously that the “nation-building approach is no guarantee of economic success, but vastly improves the chances that economic development will take root and be sustainable. It is far more likely to produce prosperity for the nation and its people” (Cornell & Kalt, 2003, p. 193). They claim that once these five criteria are in place, “natural resources, location, financial capital, and other assets begin to pay off.” Conversely, they further contend that, “[w]here they are absent, such assets are more often squandered, failing to deliver sustainable economic performance or lasting improvements in community welfare” (Cornell, Jorgensen & Kalt, 2002, p. 5).

3.1.3.2 Review of Commentary

Warren Weir (2007) argues that since the mid-1990s, “much of the discussion about Aboriginal economic and business development came to Canada via researchers located south of the border. Many of these ideas came from the Harvard Project on American Indian Economic Development” (p. 10). Though Weir’s assertion is impugnable, the fact remains that the Harvard Project has, and continues to have, extensive influence on the economic development of Aboriginal people in Canada and elsewhere in the world. While academic, state, and independent research make reference to the NBM, there is a lack of analytical research on the Harvard Project in terms of its applicability in unique First Nations circumstances in Canada. Specifically, the growing body of research on the Harvard Project tends to focus on the conceptual analysis of the NBM, while any empirical analysis of it is virtually absent. Aside from a few academic studies that applied the NBM such as Christina Dowling (2005) and Robert Innes and Terrence Pelletier (2008), there is virtually no qualitative (or quantitative) case studies that effectively apply the NBM in a uniquely First Nation context in Canada. Among other things, this has made Canadian observers—both Aboriginal and non-Aboriginal alike—unsettled and thus question the validity of the Harvard Project theoreticians’ claim that the NBM can be

easily (and ought to be) applicable in the Canadian First Nations contexts. Undeniably, the Harvard Project “has become increasingly familiar in Canada over the past decade, particularly among government policy-makers and Aboriginal leaders” (Simeone, 2007, p. 1).

Perhaps one of the more important reports that has scrutinized the findings and recommendations of the Harvard Project has been the Royal Commission on Aboriginal Peoples (RCAP). Though the Commissioners share and reaffirm some of the necessary conditions and factors of the Harvard Project, they nevertheless claim that, “[w]hether in a Canadian or a U.S. context, it is not likely that a particular nation or tribe will be strong in all areas, nor is this necessary In general, however, the more elements in place, the better the nation’s prospects” (RCAP, Vol. 2, pt. 2, p. 825). As part of its closing analysis of the Harvard Project, RCAP argued:

The situation in Canada is somewhat different from that in the United States; for example, Aboriginal rights and the treaty relationship, including the terms of the treaties and comprehensive land claims, are significant factors shaping the context for economic development in Canada. In addition, factors that Cornell and Kalt take as given, such as the degree of political autonomy and the endowment of land and natural resources, remain unresolved to a large degree in Canada—indeed, they are the subject of this Commission’s mandate and recommendations (RCAP, Vol. 2, pt. 2, p. 825).

Tonina Simeone, a researcher from the Library of Parliament of Canada, is stupefied and unsettled as she observes that, “[g]iven the wide acceptance of the prescriptions of the Harvard Project, the absence of any substantive Canadian analysis is puzzling” (2007, p. 10). Though stating the obvious, Simeone further notes that the “Harvard findings are, by themselves, largely unexceptional in that local decision-making capacity, good governance and properly functioning institutions have long been understood as important determinants of economic success; indeed, these conclusions extend well beyond the field of Aboriginal policy and are widely accepted in general management literature” (2007, p. 6). She shares others’ views in that “[c]riticisms of the

Harvard Project centre mainly on the study's key findings that, apart from effective self-government, nothing else has worked to alleviate the conditions and poverty experienced by Indian nations (Simeone, 2007, p. 6).

In *First Nations and the Canadian State*, Canadian political scientist Alan Cairns is extremely cautious of the manner upon which contemporary Aboriginal leaders and governments desire to push self-government arrangements. In his discussion, Cairns, addressing the aspect of self-government—or *de facto* sovereignty—of the Harvard Project, contends that:

The achievement of self-government will probably fall short of the goals of its most passionate supporters. It remains, nevertheless, a desirable goal. The attainment of self-government, however, does not mean that the relation of federal and provincial governments to self-governing First Nations and their people suddenly becomes irrelevant. The small size of First Nations and the limitations on governing capacities that necessarily involves mean that many policies, regulations, and services will continue to come from federal and provincial governments. Self-government, no matter how ambitious and successful, is not enough. Virtually all the great affairs of the state will continue to be handled by federal and provincial governments. Further, the needs and desires of the 60 percent of the Aboriginal population that is mainly urban, which is heterogeneous and lacks a land base, requires sympathetic policies from the federal, provincial, and municipal governments. We need to think of the total constitutional order, not just the limited escape from its functioning offered by self-government for small populations (Cairns, 2005, p. 21).

Cairns does admit, however, that the Harvard Project “criteria do not guarantee success, but they do increase the possibility of attaining it more frequently. They are criteria that seek to mobilize local leadership in tune with local culture and local economic and other realities” (2005, p. 20). Cairns’ position is premised on his acute observations of Canadian First Nations’ circumstances which are, among other things, fundamentally different than the U.S. experience—and most importantly, he believes that the Harvard theoretical model is inapplicable within the Canadian context. To elucidate, Simeone explains:

... Canadian scholar Alan Cairns finds that the authors of the Harvard Project have advanced their findings without testing, or accounting, for

other causal variables, such as population size, proximity and access to markets, and government investments in infrastructure and other services. For example, American Indian nations, such as the Navajo and Cherokee nations, have populations upward of 250,000. In Canada, two-thirds of First Nations have on-reserve populations of fewer than 500 people and many are isolated and remote (2007, p. 7).

In an extensive judicious analysis, Martin Mowbray, an Australian scholar, critically anatomizes the Harvard Project's methodologies, findings and recommendations. In his critique, Mowbray identifies and thus addresses key weaknesses of the Harvard Project. Not unlike Cairns he notes that there are legitimate and realistic concerns about the policy implications of the Harvard Project that could be detrimental for communities or regions not sharing or resembling that of the experience of Native American tribes. In terms of methodology, Mowbray vehemently claims that, "[t]aken as a whole, the empirical justification for the Harvard Project claims is weak. The limitations of these empirical data are so serious that Cornell and Kalt should be much more circumspect in drawing their repeated, adamant and widely disseminated conclusions" (2006, p. 98). Specifically, Mowbray claims that the Harvard Project researchers, *inter alia*, used old data, relied on small and subjective sample sizes which led them to assert the determinant of cultural match, discount important variables such as college, university or trade qualifications as determinants for economic success, and obscure, if not conflate, their analysis in terms of correlation and causation (2006, p. 99). Mowbray critiqued the Harvard Project in the conclusion of his article as follows:

The defects in the evidence that underpins the Harvard Project findings and recommendations are serious. They give rise to a number of problems of omission. One of these is that the Harvard Project researchers do not control (or test) for numerous other potentially important causal variables. Some of these are as fundamental as the possible effect of settlement size on economic prospects, the proximity of large cities, or the potential effect of significant and heavily targeted federal or state funded infrastructure or services.... analytic concepts that followers of other schools of thought find important are excluded from the analysis. For example, the concepts of state, class, and even race or

racism are discounted. So is gender. This means the Harvard Project analysis does take into account some explanations for the outcomes of past government interventions.... One of the most serious points concerns the use that is made of such deeply problematic research. Given the implications of the conclusions that Cornell, Kalt and others base on flawed data, the situation is remarkable. Just how their claims are sustained, especially in jurisdictions as remote from the USA and as different from each other as Australia and New Zealand, is an evocative question. Amongst other things, it raises a further query about the extent to which policy makers and their advisers need to verify the claims of researchers.... The Harvard Project also conveys the notion that Indigenous sovereignty is achievable through local governance. Indigenous leaders and others also need to be cautious about the way in which endorsement of the Harvard Project findings may be to legitimate the idea of governments transferring responsibility for solving problems to unprepared Indigenous communities (Mowbray, 2006, pp. 100-101).

Like Mowbray, Patrick Sullivan, another Australian commentator, addresses the methodological issues increasingly detected in the Harvard study. Sullivan claims that the “Harvard Project studies are an impressive body of work, but two things are apparent: the link between the conclusions and the data is, at best, not demonstrated, and the conclusions of the papers themselves are considerably more complex than the three-point formula inherited by Australia” (2006, p. 6). While Sullivan notes that the Harvard Project’s first principle ‘sovereignty’ is a rather contentious term in the Australian context due in part by the political sensitivity attached to it and that the word itself has been replaced with ‘political jurisdiction,’ he agrees with Cornell and Kalt that there should be some form of sovereignty or authority exercised by community leadership. Though a given, he agrees with the syllogism: “[w]here people are asked to make decisions without any real control, they may make extremely irresponsible decisions because of lack of repercussion on the person making the decision; or they make decisions with good will that are nevertheless ill-informed; or decisions may be made by those who just don’t care one way or another” (2006, p. 9). Interestingly, Sullivan finds that the Harvard Project is “not primarily concerned with the existence of significant commercial

resources. Where they depart quite radically from other development studies is in the identification of governance processes as crucial to development, not the ownership of resources with commercial value (2006, p. 10). He further adds that “[t]heir approach to good governance is founded in standard business management principles” (Sullivan, 2006, p. 10).

Like RCAP, Cairns, Mowbray and Sullivan, Christina Dowling (2005) critiques what the Harvard Project fails to account in its widely disseminated analysis. From an anthropological perspective, Dowling finds that some contemporary First Nations cultures—more specifically, in their diverse systems of social organization—are highly egalitarian and exhibit “multivocality—a concept alien to the Harvard Project” (2005, p. 126). Emphasizing and accounting for the ideological differences, Dowling holds that the “Harvard Project embraces western style economics, underpinned by an individualistic orientation and acceptance of authority based on self-interest” (2005, p. 120); in effect, this means that First Nations, who are highly egalitarian and multivocal, will likely be a mismatch in the conceptualization and operationalization of the Harvard model. And even more disturbing, it could have undesirable consequences for Aboriginal communities not anticipated by the Harvard researchers if nation-building arrangements are implemented. “Instead of a building block approach,” writes Dowling, “grounded in First Nation traditional economies, Cornell and Kalt propose working ‘backwards’ from the requirements of capitalistic economic activity” (Dowling, 2005, p. 120). In terms of cultural match, Dowling counters with some valid questions:

How can anyone [i.e., First Nations] reconcile environmental guardianship with a resource-based, profit-driven, westernized notion of economic development that does little more than pay lip service to the idea of ‘sustainable economic development’? How can anyone create a cultural match between a hegemonic society which reveres individual success, and one which values community and equality? (2005, p. 126).

Based on preliminary evidence, Indigenous scholar Bob Kayseas (2006a), along with Hindle and Anderson, found that some First Nation communities have achieved economic success despite the Harvard Project's findings. In fact, they found that the restrictive nature of the *Indian Act* system has not limited First Nation communities from achieving sustained economic development—that is, they found that the ‘assertion of *de facto* sovereignty’ was not a prerequisite for creating sustained economies in some First Nation communities in Canada. As such, Kayseas et al. (2006a) believe that the “applicability of some of the [Harvard Project] conclusions may be in question – at least in regards to Canadian Indigenous communities” (p. 237).

While a proliferating number of critical observers reject, whole or in part, the Harvard Project's methodologies, findings and recommendations, a significant body of literature has also surfaced which embraces the Harvard Project's NBM. Supporter of the NBM, John McBride, a community organizer and contributor to the Urban Aboriginal Economic Development National Network in Canada, holds that the “extensive work that Harvard Project investigators have been invited to conduct for Canadian Aboriginal groups is an indication that what they have found about development in the American context, especially the identified 5 important factors, is applicable to Canadian circumstances (2010, p. 5). In his M.A. thesis, McBride draws heavily on the influence and impact of the Harvard Project in the Canadian context. He explains:

It has been the research of the Harvard Project on American Indian economic development in the mid 1980s that has changed the approach to Aboriginal CED. Authors Stephen Cornell and Joseph Kalt identified the success factors that accounted for some American Indian tribes being successful, while others were not. The Harvard research has had a definite impact on Canadian Aboriginal development. Cornell made an influential presentation to the Royal Commission which found its way into their proceedings. The Harvard Project findings have had a dramatic impact on Aboriginal economic strategies in both the United States and Canada (McBride, 2004, p. 10).

In addition, McBride's theoretical approach is littered with pro-Harvard Project concepts and terms as well as very similar lines of reasoning in his analyses. The thesis employed the Harvard model as one of its theoretical frameworks in addressing the barriers to economic development in three First Nation communities in British Columbia. Seemingly, it appears that McBride's analyses lack, or are absent from, a thorough examination of other critical factors which may account for successes or failures in the First Nation communities under study. When he poses the question, "Success factors: What makes Aboriginal economic development work?", McBride, uncritically relying on the assertions of the Harvard Project, claims, without verification, that, "We now know from the Harvard Project research that the factors that make Aboriginal communities successful in their economic development are not the usual economic factors of access to markets, trained workforce, amount of capital, and access to resources" (2004, p. 18). In the Conclusions and Discussion section, McBride categorically affirms the Harvard Project's principles in a Canadian context. He wrote:

The most important factor, corroborated by the research of the Harvard Project on North American [*sic*] Economic Development, is the governance structure of the First Nation community. Without a recognized structure for governance there are few decisions that are considered legitimate. Business requires certainty to encourage the entrepreneur's investment of skills, time, and money in the community.

Secondly, also corroborated by the Harvard Project, the institutions of the community need to be culturally appropriate. Often this means that the band or tribal council have utilized an institution form and structure that matches the traditional cultural form. Additionally, the band administration needs to be functional. The administration and its various departments need to be arms-length from business, and need to be able to get the day-to-day work done in a professional manner....

Third, the band or tribal council need to have a strategic approach. If the community has been involved in the evolution of a community plan then it is apparent to everyone the direction the community plans to take... (McBride, 2004, pp. 130-131).

It is undeniable that the Harvard Project has had much influence in Canada and elsewhere in the Indigenous-occupied corners of the world—especially in the Canadian context. As Daniel Salée notes, “The chapter on economic development in the report of the Royal Commission on Aboriginal Peoples (Canada 1996, vol. 2, chap. 5) bears its mark in part, while CANDO officials regularly refer to it approvingly and several chiefs across the country have sought the advice of Cornell and Kalt or espoused their perspective” (2006, p. 14). Though there have been serious methodological concerns documented (see Mowbray, 2006; Sullivan, 2006) about the age and defects in data, the absence of operationalizing of other variables (such as gender, class, etc.), and the conflation between correlation and causation, there is a growing, palpable Canadian audience who—theoretically—echo the Harvard model for sustainable economic development in the name of Canada’s Aboriginal peoples. The Canadian audience is varied and includes Aboriginal leaders, tribal councils, theoretical or applied academics, policy-makers, politicians, Royal Commission and Senate committees, public policy organizations or institutes, and so forth.

The Aboriginal Leadership and Management program, which focuses on leadership development at the Banff Centre, has been, and continues to be, an excellent forum designed to assist Aboriginal leaders and others—through programming and forums—in developing effective leadership and management skills. Brian Calliou, Aboriginal scholar and director of the Aboriginal Leadership and Management program, has recently produced two detailed compositions—one being summary proceedings of a conference while the other is a literature review, respectively—with special emphasis on Aboriginal economic development in the Canadian context. In the 2007 report, Calliou clearly had reservations in which he cautioned the applicability of the Harvard Project in the Canadian context. He said:

The leading research in the United States regarding tribal economic development is that done by the Harvard Project on American Indian Economic Development, ... There has not been any comparative study done looking into the legislative and relational differences that separate [*sic*] First Nation's issues in Canada and the United States. These differences result in very unique regulatory and political environments that need to be accounted for before we wholeheartedly adopt the Harvard nation-building model in the research of Aboriginal economic development in Canada (Calliou, 2007, p. 4).

In his summary of Manley Begay, Jr.'s presentation, Calliou reveals that "Manley Begay stated that in the US experience, from the moment when the decision-making turns over to the tribe, it takes about 20 years to achieve the results of success" (2007, p. 8). This is surprising and perplexing because nowhere in the Harvard writings do we see an approximate turn-around time to achieve economic success. The 20-year approximation would make sense in long-term strategies, but what about other successes that have achieved success in half or less than half the time as suggested by Begay? For some, this may be too long.

By 2010, Wesley-Esqimaux & Calliou (2010) published a literature review on Aboriginal community development where ultimately a change in tone is evident. His once-adamant position that adoption of the Harvard Project cannot "wholeheartedly" be applied without accounting for the "unique regulatory and political environments" (Calliou, 2007, p. 4) in the Canadian situation has been an ephemeral one. In the literature review, Wesley-Esqimaux & Calliou (2010) select "13 studies because they gave empirical data for their conclusions and provide practical knowledge" (p. 7) of which the Harvard Project is placed at the top of the list. They also claim that, "[o]ne of the best known studies of successful Indigenous economic development is the Harvard Project on American Indian Economic Development (HPAIED)" (Wesley-Esqimaux & Calliou, 2010, p. 7).

3.2 Conclusion

This review has explored academic, state, and independent literature on Aboriginal Economic Development. From an historical context to an examination of recent literature, this review has explored what some researchers have done and identified what they found in their research. In the process, this review has also extracted some of the common themes prevalent in the literature, and more importantly, it identified an area that remains neglected—the joint venture. Furthermore, this review demonstrated that the joint venture—as an economic strategy—remains unexplored especially in the oil and gas industry. While joint ventures between First Nations and private partners in the oil industry have received little attention in the literature, FLFN, too, has received even much less attention despite its economic success in the oil and gas industry and its financial contributions to Aboriginal national organizations such as Indspire (formerly the National Aboriginal Achievement Awards Foundation). Therefore, both FLFN and its joint ventures within the oil and gas industry needed to be explored, analyzed, and documented.

In summary, the literature included some common themes: Aboriginal participation in the capitalist system as a way to address and thus improve their socioeconomic circumstances; the coexistence of traditionalism and capitalism in the modern approach to development; and the need for sustained capacity development at various levels. It also examined the elements that comprise the NBM framework as well as some relevant commentary on the Harvard Project.

CHAPTER FOUR

Frog Lake Energy Resources Corporation: An Economic Success

4. Introduction

In this chapter, I concentrate on the factors that contribute to the economic success of FLFN, and the economic strategy employed by its economic arm, Frog Lake Energy Resources Corporation (FLERC). I advance the thesis that the joint venture is the most effective economic model that contributes to the sustained economic development of FLFN. Primarily utilized in the oil drilling and production programs, the joint venture model has generated, and continues to generate, substantial wealth for FLFN, oilfield-related and administrative jobs for members, and economic benefits for the community. Under this focus, I begin with an historical background on the development of FLERC. I then identify a set of factors that contribute to the economic success of FLERC, thereby answering the case study's primary research question. It is followed by an examination of the joint venture model and how it is applied to foster economic development in the oil industry, which answers another question at the subsidiary level. Finally, I examine the generation of wealth, economic benefits and spin-offs as a way to measure the economic success of FLFN; in addition, I briefly examine an award which recognized the joint venture partnership between FLERC and Twin Butte as well as some of the philanthropic initiatives and financial contributions made by FLFN and FLERC.

4.1 Historical Context

Since the early 1980s, the petroleum industry has been part of the economic culture of FLFN. In this period, non-Aboriginal corporations largely characterized the community's strategic economic plan—if there was such a document—in the development of reserve lands through the extraction of non-renewable resources base of oil and gas. In those early years,

FLFN's involvement was very modest. In a simple lease agreement, FLFN would agree to lease out identified tracts of lands for oil and gas exploration to an operating energy company; beyond this was another step that required the approval of Indian Oil and Gas Canada (IOGC), a federal regulatory body for the management and regulation of on-reserve oil and gas resources. Husky Oil Operations Ltd. (Husky) and Canadian Natural Resources Ltd. (CNRL) were among the main oil producers that set up oil and gas extraction programs—and, in return, royalties were paid indirectly to FLFN which was held in trust by DIAND, a paternalistic system which still remains in place today. In one particular lease agreement FLFN—with the objective of expanding the drilling program, creating employment, and forging a long-term commitment and relationship with private industry—made Husky CEO John Lau an Honorary Chief of FLFN, and with it, a Plains Cree name: ôkimaw askiw'awasis, which translated to Chief Earth Child (Sexsmith, 2000, p. 13).

By 2000, the global commodity of oil impacted the oil and gas industry—from the international market to the local level. In fact, the volatility of the price of crude oil remained at record lows; in other words, there was no significant global demand for crude oil, and as a result, the slow production of oil was a ubiquitous global reality. Due in large part by his designation as Honorary Chief, CEO John Lau—viewed as an important member of the community—continued the oil production program in FLFN despite plummeting or unfavorable oil prices. He was also cognizant of the fact that FLFN was highly dependent on revenues generated through oil production, albeit that an oil production program was not economically feasible during this period. According to FLERC CEO Joe Dion, this traditional relationship has had a positive economic impact for the community (Dion, personal interview, October 2011). In 2005, Lau's commitment—directly or indirectly—was much more pronounced when Husky reluctantly

acquiesced to sell all its working interest and assets to the newly-created FLFN oil and gas company: Frog Lake Energy Resources Corporation.

On 3 August 2000, FLERC was incorporated under the *Business Corporations Act* in Alberta. In 2003, an opportunity presented itself that FLERC capitalized on to not only develop itself into a capable, viable operating oil company with the aim of fully participating in oil extraction programs, but also to accelerate the generation of capital through its economic strategy for the benefit of the community. To do this, FLERC engaged in joint venture arrangements with various oil companies. The first of those joint ventures was with Petromin Resources Ltd. (Petromin), which still remains active today. In geographical proximity to FLFN was an oil exploration and production program undertaken by Petrovera Resources Limited (“Petrovera,” which was later acquired by CNRL). President of Petrovera at that time, John Zahary, who currently serves as chairperson of FLERC, signed a Memorandum of Understanding (MOU) with FLFN. Based on that mutual accord, Petrovera agreed to a joint venture partnership with FLERC. No longer was it FLFN’s economic policy of leasing out lands to non-Aboriginal oil companies; in fact, FLFN essentially leased out lands to itself—something unique for a First Nation to do at the time. Specifically, FLFN (i.e., the lessor) leased out its reserve lands to FLERC (i.e., the lessee), which, in turn, entered into a contractual relationship—through an agreement called a ‘farm-out’—with Petrovera. Upon acquisition by CNRL, the farm-out arrangement was also transferred, thus making CNRL a joint venture partner on the original tracts of land for oil and gas production. The joint venture relationship with Buffalo Oil Corporation (“Buffalo,” which was later acquired by Twin Butte Energy Ltd.) was perhaps the most instrumental to the initial corporate development of FLERC. In the period 2003-2004, the crude oil price cycle was closing at very low levels, where oil prices ranged from approximately

\$25 to \$35 per barrel (Canadian Association of Petroleum Producers, 2012). Despite this economic downturn, Husky remained determined to continue its production program on FLFN; conversely, this meant that Husky's unrealistic and uneconomical enterprise was losing money. Their joint venture agreement in place, FLERC, along with Buffalo, approached Husky to sell all assets and rights on FLFN lands. In July 2005, Husky agreed to sell its interests, assets, and rights to the joint venture initiative of FLERC and Buffalo at \$5.2 Million. In the words of FLERC CEO Joe Dion: "All of sudden the oil price took off... It was a sweetheart deal—that's when we got our break" (Dion, personal interview, October 2011).

Since the joint acquisition of Husky's assets, the administration of FLERC has been executed primarily through the Buffalo office then subsequently Twin Butte. As its main joint venture partner, "it was easier for Joe to run the business out of Twin Butte office, sitting alongside Twin Butte's people" (Zahary, personal interview, October 2011). By 2009, FLERC—with the aim of seeking similar ventures or opportunities—established its first official office in Calgary, Alberta. As FLERC Chairperson John Zahary points out, "It was established in Calgary because there was a plentiful supply of engineers, geologists, geophysicists, lands people, and so on. Essentially, all of the head offices of the six hundred or so companies are in Calgary—irrespective of who owns them, most of the technical people live in Calgary" (Zahary, personal interview, October 2011). In January 2012, FLERC officially opened its head office in the core area of FLFN, while its corporate office remained in Calgary.

In 2008 oil production exceeded approximately 1,000 barrels per day (FLERC Review, 2012). Due in large part by favorable oil prices and increasing volumes, FLERC commenced an accelerated drilling program in 2009. In a strategic effort to foster this program, FLERC secured foreign investment to finance yet another energy company—called Windtalker Energy

Corporation (Windtalker)—where a joint venture partnership was the result. The unique aspect of the Windtalker arrangement is that it involves 100 per cent Chinese investment, while FLERC brings a highly skilled management team—possessing an extensive knowledge of the industry, technical expertise, and competency. In addition, FLERC owns 3 million shares in Windtalker with the option of acquiring more in the future, if it so chooses. By 2011 the average daily oil production exceeded 3,000 barrels per day at a success rate of approximately 80 per cent (FLERC Review, 2012). This means that FLERC's post-exploration participation pursuant to the farm-out agreements with its primary partners Twin Butte and now Windtalker will likely see increased economic returns.

The genesis of FLERC was the effort of the FLFN council in the late 1990s. In spite of the relative success in maintaining an economic relationship with private industry where it garnered oil and gas royalties through the leasing method, FLFN lacked a written comprehensive economic development plan (or even a division or program) designed to create, promote, and sustain economic development or economies at the community level. Stated differently, without a community-designed economic strategy to foster development, FLFN, in comparison with other First Nations, was in a state of delayed progress. Admittedly, the need for community development through economic and business enterprises was in the minds of leadership and community members alike—it just was not documented to what can be referred to as an economic development strategy. Within this conventional mindset, the FLFN government proposed the idea of creating an oil and gas company as a way to become more self-sustaining, economically. The successful corporate development of FLERC has been, and continues to be, part of the community's strategic economic development strategy—whether written or not. FLERC's success is not only reflected in the community's sense of pride, but it has also

triggered, if not assisted, in other business development enterprises at both the individual and community levels, namely in the energy sector.

4.2 FLERC: The Golden Goose

4.2.1 What is Frog Lake Energy Resources Corporation?

FLERC is a subsidiary company that is wholly-owned by Frog Lake First Nation. As a private energy company (which means that it is not publicly-traded on the stock exchange), it engages in the exploration, development, acquisition and production of petroleum and natural gas (FLERC Audit Report, 2011). In fact, “Frog Lake Energy has become the most successful First Nations wholly-owned energy company in Canada” (Alberta Chamber of Resources, 2010, np). According to IOGC, there are twenty Band-owned oil and gas companies (BOC’s) that have 151 active subsurface agreements on First Nation lands comprising a total of 103,400 hectares, with FLERC holding 17 (11%) of these agreements on 7,854 hectares (8%). In 2012, “almost all of the BOC’s are paper companies without any oil and gas operations and that they joint venture with oil and gas operating companies” (Uhryn, email interview, 8 March 2012). Unlike FLERC, this means that those BOC’s lack the capital assets and financial capacity to fully participate alongside their joint partners in oil drilling and production programs. As such, FLERC is perhaps among the very few that can fully and actively participate as an independent oil company in Canada. However, according to Joe Dion: “FLERC is the only ‘operating’ energy company in Canada that can fully participate in oil drilling and production programs (Dion, personal interview, October 2011). In addition, what demarcates FLERC from other BOC’s is that it invests in the drilling and production programs, thereby assuming an associated and calculated risk on post-exploration projects (Dion, personal interview, October 2011). To the people of FLFN, FLERC is their golden goose; figuratively, their golden goose keeps laying eggs (i.e., jobs, economic benefits, etc.). FLERC is not an idly observer, but rather as an active

participant with the assumption of considerable risk in jointly-invested projects. John Zahary explains,

What makes FLERC unique—as an Aboriginal business—is that it actually is the same as all the companies—it’s what Husky does, Harvest does, or CNRL does—it’s doing the same thing. It does the same thing all those companies do. Whereas, in many case, most aboriginal oil companies have just owned the mineral rights. Sometimes First Nations have set up oil companies to own the mineral rights, so it’s just doing the same thing the Nations are doing through a separate entity. What’s unique about FLERC is that it is actually the operating oil company—so it’s doing the same job that CNRL would do. It’s acting like an oil company in its own right—that almost makes it unique within First Nation oil companies (Zahary, personal interview, October 2011).

Despite its newly-elevated status, FLERC’s approach to develop the resource potential on FLFN lands is the same process by which non-Aboriginal oil companies seek to obtain the rights to drill for and produce oil. In its most basic form, “FLERC really owns the contract—at its substance—it owns the contract from Frog Lake to exploit to develop the resource potential of the lands of which it drills wells” (Zahary, personal interview, October 2011). Once in place, a contract (or lease) then allows FLERC to engage in joint venture partnerships—through the farm-out process—to develop the resource potential with other established non-Aboriginal oil companies. In other words, FLERC not only owns the right to drill for oil, but it also possesses the right to farm-out (to be discussed later) leases to operating oil companies—based on its terms. Once an oil well site reaches a producible state, FLERC—if oil prices are favorable—generates capital based on its proportion of the joint venture agreement. In addition, FLERC owns the surface equipment, facilities, pipelines, and the tank. Conversely, it does not own the drilling rigs, service rigs, or fluid hauling trucks—that is all contracted services that FLERC, along with its joint partner, must pay for. FLERC, like any other operating oil company, must assume the associated risk in oil drilling and production programs as well as the continual

maintenance of those oil lease sites. Undoubtedly, FLERC has entered a new economic frontier, thus paving the way for other First Nations to create wealth in the energy sector.

4.2.2 Corporate Vision

The corporate vision of FLERC is to maximize benefits for members of Frog Lake First Nation as much as possible, without taking undue risks. In the “10 Year Review” report of FLERC, it states: “FLERC continues to work with its shareholder to identify new business opportunities which will benefit the Nation’s membership. While the main focus has been on oilfield related activities, diversification into other areas will also be considered and encouraged.” Elected member of the FLFN council and a member of the FLERC board, Councilor Wayne Faithful emphasizes the vision as he states: “FLERC is about many things all at the same time. First, FLERC has to continue to grow as our oil company. [Second,] it must continue to jointly venture with other companies in the oil industry and in other sectors so that more sustainable sources of revenue come to the band. [Third,] FLERC must create jobs; creating employment will greatly help band members get off welfare and hopefully out of poverty” (Faithful, personal interview, June 2012).

4.2.3 Governance Structure and Management

The shareholders of FLERC are the FLFN membership. The chief—who represents the community—holds the shares in trust for the Nation. FLERC is governed by a Board of Directors that provides general direction for the company. Of the eight board member positions, four are allocated for members of FLFN council. The board then hires a qualified and competent team to operate the company. The management is responsible for the ongoing work in drilling and production programs (see Figure 4-1). Recently, FLERC has been mandated to explore other areas to diversify its approach to sustainable economic development.

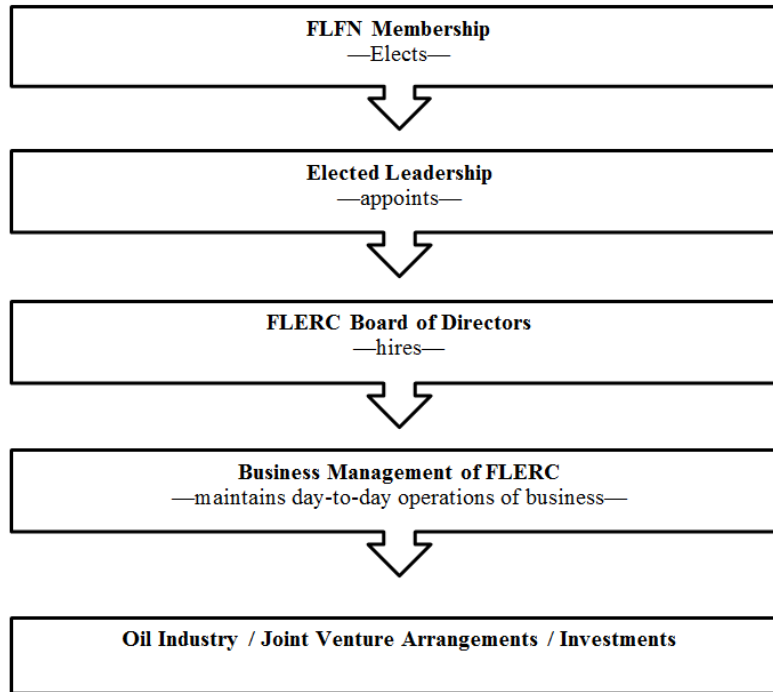


Figure 4-1 Organizational Chart for FLERC

4.3 Factors Contributing to Economic Success

This section identifies the four key factors that contribute to the economic success of FLFN (see Table 4-1). In doing so, it will also answer the primary research question of this case study: what factors contribute to the economic success of FLFN? Recent literature has identified common factors that contribute to Aboriginal economic development, while some studies have articulated a unique set of factors demanded or influenced by particular industries. The results of this case study are reflective of both literature categories.

Table 4-1 Factors Contributing to Economic Success

• Effective Leadership's Vision, Support and Conduct
• Strategic Economic Development Plan
• Institutional Capacity

- | |
|--|
| <ul style="list-style-type: none"> • Access to Land and Resources |
|--|

4.3.1 Effective Leadership's Vision, Support and Conduct

The consistency of the composition of elected leadership has been a remarkable feature of the sociopolitical landscape of FLFN. To extrapolate, the consistency of leadership has not only reflected a particular political-economic ideology in community projects and affairs, but it also engenders a consciousness among leadership to continuously promote an improved socioeconomic well-being for its members. Due in large part to a recent corrective development in the financial administration regime of the band, FLFN is no longer under some form of financial co-management or intervention. Before this, FLFN had been under a DIAND-imposed hybrid form of remedial and co-management intervention programs approximately the last thirty years (Price, personal interview, June 2012). This, along with other recent developments such as sound financial policy regimes at the band administrative level, has propelled a transformative influence at the political decision-making table of FLFN; equally important, the backdrop of recent positive developments also sends a clear message that collaborative directionality among all stakeholders in the community is paramount. As such, the community shareholders' vision demands accordance to FLERC's corporate statement of vision.

Since the inception of FLERC, the current FLFN government as well as past chiefs and councils have been very supportive in the ongoing business and management of FLERC. This support is manifest in the composition of the Board of Directors, where four of the eight board member positions are allocated for elected leadership. This 'partnership approach' has served the company quite well; each sphere aims to bring perspectives to the table, while they work toward common economic goals. Unlike some First Nation-owned corporations where the political sphere is separated from the business sphere, FLERC is predicated on the

complementary relationship between the two spheres. Incontrovertibly, the ongoing support by leadership has created a foundation upon which FLERC has generated, and continues to generate, wealth via oil drilling and production programs as well as recent discussions—at the board level—on diversifying its economic strategy to include significant investments outside the community and perhaps even outside the industry. In fact, FLERC CEO Joe Dion confirms that, “past chiefs and councils, and this chief and council, have been very responsible in how they conduct themselves as trustees and board members” (Dion, personal interview, October 2011). One of the founders of FLERC, Angeline Berland, FLFN Councilor and FLERC board member, vehemently claims: “[a]s politicians, we have to look at the wider picture of the community; we sit on the board for this reason so that we can achieve the objectives of the community. We are not concerned of the day-to-day business administration of FLERC; that is why Joe Dion and the rest of the FLERC team are there, so that they can effectively run FLERC as a business and it should always be that way” (Berland, personal interview, June 2012). Though positive interplay characterizes the connection between elected leadership and the business management of FLERC, there is, however, a real, dormant concern that increased political interference could threaten the economic viability of FLERC as there are no protocols (or procedures) in place that clearly defines members’ roles and responsibilities. So far, current and past elected leadership have not politically advanced agendas contrary to the business management of FLERC, thus ensuring that economic ventures remain operational, profitable, and sustainable.

4.3.2 Strategic Economic Development Plan

It was not until 2003 that a more pronounced strategic community development plan was taking shape. In conjunction with FLFN leadership, FLERC developed an industry-responsive economic strategy with the initial objective of guaranteeing FLERC as a participating joint venture partner in oil drilling and production programs. According to FLERC officials, the

strategic development plan involved a process of identifying the economic opportunities in the oil and gas industry, taking into consideration the strengths and weaknesses of the community as well as the human resources available (Dion, personal interview, June 2012). Under broad guidelines of the plan, both FLFN and FLERC were expected, if not required, to work together to foster the economic development to achieve desired goals through the oil extraction activities of FLERC. Essentially, the strategic development plan encompassed several critical elements that were necessary to achieve sustained economic development. The central element was the joint venture. Without strategic partnerships, FLFN likely would not have had access to capital, the market, and operational expertise.

At the outset FLERC—which essentially began as a one-man administration—was fully cognizant of the substantial amount of capital needed to finance its soon-to-be activities. Due to the capital-intensive nature of oil extraction programs in the oil industry, FLERC, instead of gaining access to government capital funding or through assistance programs, requested \$1.2 million from FLFN, which was appropriated via the band’s capital trust account held in trust by DIAND (Dion, personal interview, October 2011). Not unlike First Nations who have been fortunate to rely and utilize own source revenue in their economic development project proposals, FLFN, too, turned to their own source revenue as part of this nascent movement toward economic self-sufficiency among a vanguard of economically-conscious First Nations communities. Though accessing trust capital was met with the restrictive processes at the DIAND level, FLFN was, at first, unable to access its capital. What is even more interesting is that the requested capital through the Band’s trust account was not utilized in the start-up of FLERC; rather, FLERC, which became the working interest owner in all lease agreements with FLFN, was able to capitalize on this positional strategy as a way to guarantee favourable terms

and conditions in the joint venture agreements. In a quick turnaround, FLERC eventually got its ‘house in order’ without the band’s initial financial support. However, the requested amount later arrived only to augment an already viable operating oil company. In addition, DIAND released the requested amount of \$1.2 million based on the strategic development plan that highly emphasized joint ventures as the method for achieving sustained economic development. Otherwise, it is presumed that DIAND would not have approved the requested amount if FLFN were to exploit the non-renewable resources on its own.

By 2011 FLERC generated substantial economic returns from its participation in oil drilling and production programs. As part of the economic strategy, a significant amount of retained earnings have been reinvested in ongoing extraction programs, while portion of the payout of producible wells become part of the total net income of FLERC. In fact, by 2008, accessing substantial capital to participate in the extraction programs was not an issue; that is, FLERC reached the critical capacity of viability and sustainability in that it relied solely on its own source revenue—specifically, retained earnings—to continue in the ongoing extraction programs. Consequently, this allowed FLERC to begin the process of diversification into other related or unrelated areas.

While the joint venture approach provided a basis that permitted FLFN to access its own capital trust funding, it also provided—for the first time—access to the market. Moreover, the strategic economic development plan made clear that joint venture partnerships would not only allow access to the industry, but it would also allow full participation by FLERC as an operating oil company—which it did. Without joint venture partnerships, access to the global market of the petroleum industry would have been very difficult or unlikely.

Though FLERC CEO Joe Dion has extensive knowledge of the oil and gas industry, FLERC nonetheless remained a junior company with relatively little or no experience as an operating oil company as well as the fact that it lacked the institutional capacity to effectively participate in the oil industry. FLERC—with no prior participation in the operational matters, association of investment risk, and functionality of corporate management—capitalized on the first-hand experiences of the inner-workings of operating oil and gas companies primarily through the work of its joint venture partner, Twin Butte. Irrefragably, joint venture partnerships secured by FLERC have been beneficial not only in terms of establishing permanency in the industry, but in terms of the acquisition of management, business, and technical skills. Simply stated, the creation of strategic alliances with private industry was a way for FLERC to get its foot in the door.

4.3.3 Institutional Capacity

Among the factors that have contributed to the economic success of FLFN has been the institutional capacity of FLERC. There are many forms of capacity that FLERC possesses in order to promote and sustain a viable economic development program for FLFN. For example, the primary function of FLERC—as a working interest owner—is to actively participate in the drilling and production of oil. To do this, FLERC must have the financial, operational, and technical capacity to contribute its portion pursuant to joint venture agreements. Increasingly, it has done so during the last nine years. Today, FLERC is a fully-functional operating oil company that engages in the drilling and production of oil; it is a sophisticated First Nation oil company that possesses the institutional capacity that can expand its operations even beyond the reserve boundary. Building the institutional capacity of FLERC to create wealth for FLFN has been one of the main objectives of the strategic economic development plan (Dion, personal interview, October 2011).

As part of this institutional capacity, FLERC, over a period of nine years, has achieved or acquired the following essential elements:

- (1) Directional Capacity
 - a. Council as members of the Board
 - b. Chief as Trustee
 - c. Incorporated as per *Business Corporations Act* in Alberta
- (2) Management Capacity
 - a. CEO
 - b. President
 - c. Chairperson
 - d. CFO
 - e. Accountants
 - f. Legal Counsel
- (3) Financial Capacity
 - a. Retained earnings
 - b. On-going investments in oil production programs
 - c. Acquisition of businesses
 - d. Contracted services (e.g., service rigs)
 - e. Lease site construction
- (4) Technical Capacity
 - a. Geologists
 - b. Lands Officer
 - c. Engineers
 - d. Contractors
- (5) Infrastructural Capacity
 - a. Head office
 - b. Corporate office
- (6) Support Staff
 - a. Oilfield Liaison
 - b. Secretarial
- (7) Training and Educational Capacity
 - a. Technical Training Programs (via on-reserve HRD program)
 - b. Post-secondary scholarships for FLFN students
 - c. Indspire Scholarship Fund
- (8) Accountability Framework
 - a. Annual Audits
 - b. Annual Community Reports

c. 10 Year Review Report

(9) Royalty and Dividend Capacity

- a. Royalty payments to FLFN held in trust by IOGC
- b. Dividend payments directly to FLFN

When posed the question of whether or not FLERC possesses institutional capacity, FLERC Chairperson John Zahary remarked:

Well, to use a generic definition of what an effective institution is—and without question—the effectiveness is almost proven by the success, that it has proven to be a very effective institution by virtue of the fact that it started out with essentially nothing. It had no money; it had no people. It was somebody's idea 12 years ago—to get to the state that it is in 12 years is a remarkable success (Zahary, personal interview, October 2011).

While FLERC was initially set up as an industry-specific business arm of the community, it has recently assumed the characteristics of an investment company for FLFN. As a capable oil company with a current net worth of \$175 million and growing, it is confident and eager to expand its operations into related sectors and/or new markets as part of its diversification strategy. In many ways the institutional capacity can be attested by virtue of the fact that FLERC has been recognized for its active participation success in the oil industry. In 2010 the Alberta Chamber of Resources awarded FLERC for its business acumen in the joint venture partnership with Twin Butte. Not only is this accolade a recognition of a joint venture partnership, but it is also a recognition of the institutional capacity of FLERC as an operating oil company, while highlighting the economic self-sufficient efforts of FLFN in their economic development strategy. Beyond this, FLERC has come a long way in terms of institutional capacity. Prior to achieving effective technical capacity of its own, FLERC utilized technical resources already established through its joint venture partner Buffalo and then subsequently Twin Butte. Since then, FLERC now operates along the same lines as other non-Aboriginal oil companies. Though it does not compare to large corporations (such as CNRL) in terms of size, the production of oil

or the number of projects in various parts of Canada and elsewhere in the world, FLERC is nonetheless firmly established as an effective institution in proportion to current oil drilling and production programs. In short, institutional capacity means competence, profitability, and sustainability for FLERC. Currently, imminent projects in Viet Nam and the Oil Sands in Fort McMurray and Cold Lake will form part of the economic strategy as FLERC continues to grow in size, capacity, and as an Aboriginal leader in the oil industry (Dion, personal interviews, October 2011 & June 2012).

4.3.4 Access to Land and Resources

Another important factor that contributes to the economic success of FLFN is the access to land and resources. At the outset, FLFN leadership along with FLERC management, which was essentially FLERC CEO Joe Dion at that time, collectively decided to strategically lease out reserve lands to FLERC as a way to access its land and resources. This strategy was significant for a number of reasons. First, FLERC consequently obtained legal recognition as the ‘working interest owner’ (or lessee) to develop the resource potential on reserve lands. Second, by virtue of its newly-acquired corporate status, FLERC had the authority to further farm-out reserve lands to joint venture partners. Lastly, FLERC’s working interest participation in oil production programs provided a timely opportunity to mature and become an independent operating oil company.

It is also important to note that, before IOGC granted approval on permits and subsequently leases to FLERC as the lessee, it had to meet basic requirements in the process, such as financial obligations and environmental assessments (Dion, personal interview, June 2012). Under the restrictive regimes of the *Indian Act*, *Indian Oil and Gas Act*, and *Indian Oil and Gas Regulations, 1995*, First Nations are required to surrender its minerals (such as oil, gas, coal, etc.) underlying reserve lands back to the federal Crown and the fiduciary jurisdiction of

IOGC before oil and gas exploration and production can proceed. In the late 1990s, IOGC's policy was that a "First Nation [was] not allowed to win and extract oil and gas on its own, no matter how sophisticated its operations and no matter how great the benefits might be to the First Nation" (Rae, 1998, p. 8). Since then, the policy environment in this area has changed in that First Nations are now permitted to lease out reserve lands to their band-owned companies as a way to accord them more control over their natural resources. In short, this was how FLFN was able to lease out its reserve lands to FLERC (Dion, personal interview, October 2011). Irrefutably, FLERC's access to land and resources continues to be one of the deciding factors in the sustained economic development for FLFN.

4.4 Economic Development Strategy

FLFN's overall economic development strategy is illustrated in the figure below (see Figure 4-2). The strategy is comprised of three programs that are designed to promote, create, and sustain economic development at both the individual and collective levels. Before we examine in detail the joint venture approach employed by FLERC, let us briefly examine the other two areas that are worthy of mention.

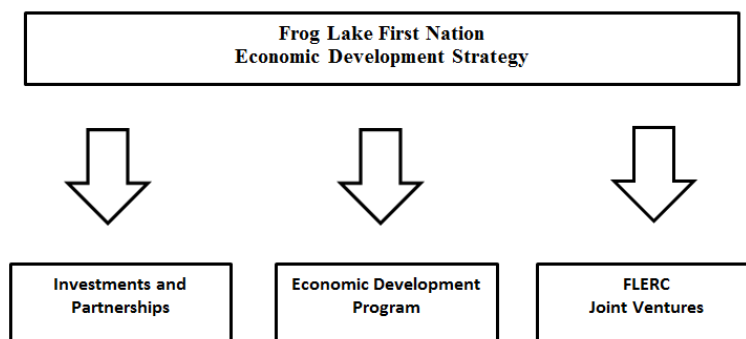


Figure 4-2 FLFN Economic Development Approach

As part of this strategy, FLFN has recently created an Economic Development Program (EDP) to assist and train local entrepreneurs in business development, while also providing

equity contributions (up to 25 per cent) to suppliers or banks for capital purchases on behalf of the community member entrepreneurs. Through the entrepreneurship program, FLFN encourages its members to seek self-employment, capitalize on the various local markets available, and develop viable businesses with the aim of acquiring the necessary skills, experience, and knowledge demanded in particular economies (Price, personal interview, June 2012). FLERC Oilfield Liaison Melvin Abraham, who also serves as the Chair of the EDP Board, informs: “To date, there are fourteen viable businesses as a result of the EDP, while twelve more proposals are pending approval” (Abraham, personal interview, June 2012). Active since 2009 the EDP has been effective in promoting entrepreneurship among a growing number of community entrepreneurs.

In terms of investments and partnerships, FLFN has invested, and will likely continue to invest, capital into partnerships and local businesses. Among those investments in the surrounding economy is Pimee Well Servicing Ltd (Pimee); as a shareholder, FLFN owns 15 per cent and receives an annual dividend payment. Specialized in servicing rigs in and around the Frog Lake area, Pimee is collectively owned by six First Nations: Frog Lake, Saddle Lake, Kehewin, Goodfish Lake, Beaver Lake, and Heart Lake. “Since its inception in 1984, operating with one service rig, the company now boasts seven rigs and associated equipment” (FLFN website, 2012). Not only does FLFN receive annual dividends, but its members are guaranteed employment by virtue of FLFN’s shareholder status. As part of the strategic approach to business development and increasing revenue sources, FLFN—through FLERC’s internal cash flow—recently bought out a local oilfield services company, which it acquired 99 per cent ownership. Now called Frog lake Oilfield Services (FLOS), it is intended to provide a wide range of oilfield services including service rigs, fluid hauling, and steam, vacuum and pressure

truck services. Beyond its shareholder relationship in Pimee, FLFN has also partnered with Pimee through FLOS in a 50-50 arrangement on two service rigs in Frog Lake. Again, the capital was provided by FLERC on behalf of FLFN, where each service rig was worth \$700,000. Through this situation-specific strategy, FLFN has not only created an opportunity to develop and build FLOS as an emerging, competitive oilfield services provider within the surrounding oilfield economy, but it has also generated an additional revenue source through the economic partnership with Pimee, while further creating and ensuring more jobs for qualified community members and other related spin-offs.

4.4.1 Joint Venture: An Economic Tool

This subsection will address the first of two subsidiary research questions in this case study. It sought out to answer the following: what strategic economic model contributes to the successful economic development of FLFN? As will be demonstrated below, the most effective economic strategy employed by FLERC is the joint venture model that contributes to the sustained economic development of FLFN. Ultimately, the joint venture has been, and continues to be, the central vehicle by which FLFN generates substantial wealth, creates jobs, and other economic benefits for its members (see Figure 4.3). Among past attempts that have failed to create sustained economic development, the joint venture has opened many opportunities for FLFN. Beyond this, it has also provided the opportunity for the acquisition of business and technical skills among senior management; in addition, the joint venture has been the means for greater control over natural resources in FLFN.

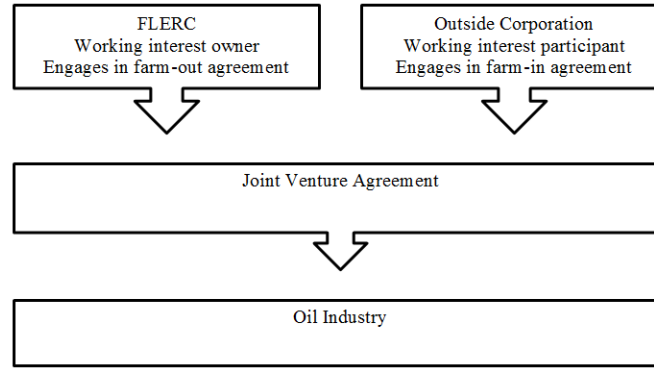


Figure 4-3 Joint Venture Model

Currently, there are four joint venture agreements in place. In each, FLERC has certain rights and privileges under the joint venture agreements; at the same time, FLERC, along with all oil companies drilling on FLFN lands, has contractual obligations to pay royalties to FLFN as part of the lease agreements with FLFN. Under the joint venture agreements, FLERC undertakes a certain participation percentage—anywhere from 5 to 50 per cent. Among other things, the terms of the joint venture ensures that FLERC is not subject to the risks and costs of exploration; more importantly, FLERC has the further option—based on the recommendations of its geologists and engineers—to fully participate and risk its financial proportion in post-exploration drilling and production programs. If it chooses not to participate, FLERC still receives a portion pursuant to the agreement called a gross overriding royalty (GORR) at 5 per cent. Conversely, if it chooses to participate, FLERC must contribute its portion to cost share the entirety of a well to a state of ongoing production. Oil drilling and production programs will continue until it is no longer feasible to do so; the productivity per well is approximately ten years. In 2011, “FLERC’s production is now at 3,000 barrels of oil per day and growing” (FLERC Annual Report, 2011). As of May 2012, there are a total of 527 producing wells that are jointly owned by FLERC and its partners (see Map 4-1). Below is a list of joint ventures with FLERC and their respective working interest participation percentage (Dion, personal interview, October 2011):

- Petromin 60%, FLERC 40%
- CNRL 75%, FLERC 25%
- Twin Butte 50%, FLERC 50%
- Windtalker 55%, FLERC 45%

In 2009 FLERC introduced an accelerated oil drilling and production program. To do this, FLERC raised money from a foreign country to finance these operations under Windtalker Energy Corporation (Windtalker). Under this joint venture agreement, FLERC was able to negotiate better terms which will allow for increased economic returns; this is in sharp contrast with the other existing joint venture agreements currently in place. More specifically, the Windtalker agreement brings substantial amounts of capital from Chinese investors, while FLERC contributes the necessary technical expertise in oil drilling and production projects. In his annual report, FLERC CEO Joe Dion reveals:

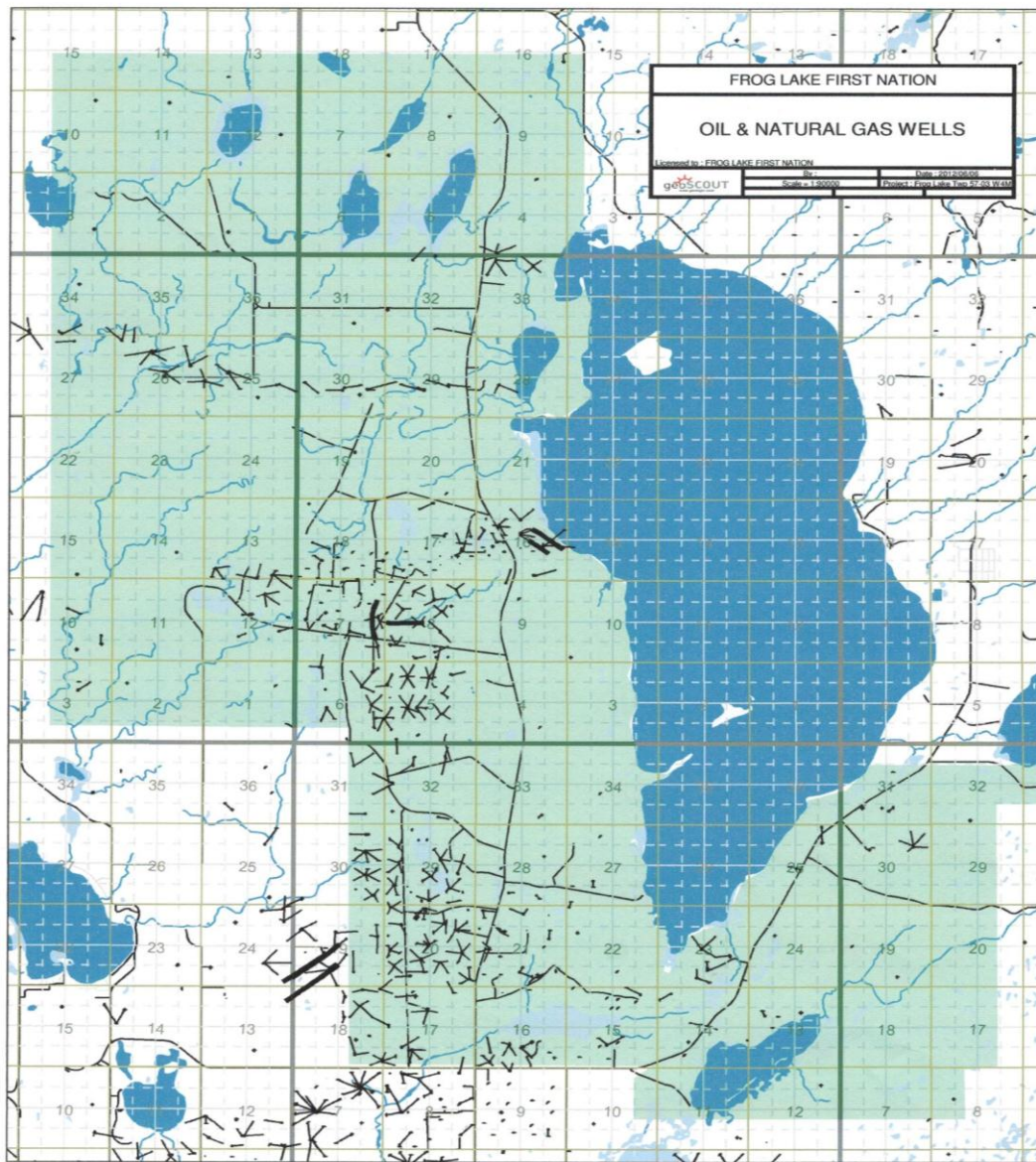
Our arrangement with Windtalker Energy Corp requires that they take 100% of the drilling risk on all earning wells with FLERC retaining a carried interest in the production. FLERC has the option of participating in subsequent development as well or, if it deems the locations to be excessively risky, foregoing the capital investment and remaining in an over-riding royalty position. Windtalker drilled three test wells prior to fiscal year end and several more subsequent to year end with encouraging results (FLERC Annual Report, 2011, p. 3).

Uniquely, Windtalker is about strategy. It is an entrepreneurial response to an industry that holds economic benefits. In essence, the Windtalker strategy is an enhanced joint venture model: its purpose, while to create successful economic development, is to take FLFN beyond reserve boundaries with the intent of identifying new business opportunities and creating wealth through those opportunities. In the Windtalker arrangement, FLERC CEO Joe Dion claims:

Windtalker Energy Corp is a totally separate company controlled by Chinese investors from China. FLERC has shares in Windtalker and will have representation on the Board. Windtalker like Twin Butte Energy Ltd and CNRL are farm-in partners of FLERC on the Frog Lake lands. Windtalker was established by FLERC as a subsidiary in 2009 with the intent of raising the money to farm-in on FLERC permit lands granted by

FLFN. In other words, rather than going to Twin Butte or CNRL to farm in, FLERC was able to raise the money through Windtalker Energy and farm-in on better terms than Twin Butte or CNRL proposed. This is unique for a First Nation to do (Dion, electronic correspondence, June 2012).

The Windtalker agreement is unique for a number of reasons. First, FLERC—as counterparty to the Windtalker agreement—owns 3 million shares with the option of obtaining more in the future. Unlike the joint venture agreements with Petromin, CNRL, and Twin Butte where FLERC is simply a joint partner without shareholder status in those corporate entities, FLERC is not only a joint venture partner in the Windtalker agreement, but it is also a shareholder. Essentially this means that, while FLERC will finance its proportion on an ongoing basis in extraction programs with Windtalker and make a profitable return, it will also benefit financially as a shareholder of Windtalker. Second, the superimposition of the administration of FLERC, which possesses technical knowledge and experience in the oil industry, onto Windtalker projects will ensure a calculated, low risk approach. FLERC’s technical team will not only assist in increased oil production through Windtalker, but it will also maintain production programs at profitable levels. Third, the Windtalker approach is unique in that it becomes a central element within FLERC’s enhanced economic strategy. Through the substantial financial support of Windtalker, FLERC plans to undertake larger projects and investments in the oil and gas industry; those planned projects will likely ensure a high capital return for FLFN and FLERC in various parts of the world.

MAP 4-1 Oil activity on Frog Lake First Nation

Source: Frog Lake Energy Resources Corporation (FLERC), 2012.

An estimated 1 million barrels of oil remain untapped underlying FLFN lands (Dion, personal interviews, October 2011 & June 2012). To expedite this process, FLERC has been looking into technological innovations—such as directional and thermal drilling methods—which will likely result in increased oil production volumes and profits, if the price of crude oil stays at \$60 or more per barrel (FLERC Annual Report, 2011, p. 4). While ongoing oil

extraction programs on reserve lands will ensure continual economic returns, FLERC has been identifying other markets to further maximize on new business opportunities. What became immediately perceptible was the evolving nature of the economic strategy; that is, the strategy, it seemed, was an effort to move away from operationally participating in oil production projects to investing capital in oilfield related projects or into new business opportunities. In fact, FLERC CEO Joe Dion is confident that the investment approach to economic development will generate capital on a continual basis: “as these [oil wells] begin to dry up, FLERC is looking for longer-term revenue sources; FLERC basically becomes an investment arm—the cash cow. We are not solely relying on on-reserve projects; we are starting to look at off-reserve projects ...” (Dion, personal interview, June 2012). To do this, he further explained “this is where Windtalker comes in, they [Chinese investors] want to get into more oil industry projects and they also want to go into the casino business—so anything they do, we want a piece of what they do. This guarantees revenues continually for the nation, the community” (Dion, personal interview, June 2012).

FLERC’s strategic direction to increasingly invest in projects is predicated on the need to diversify its business portfolio. While the process of diversification will entail an examination of new business opportunities with the aim of expanding into similar or other markets, diversification will also increase revenue sources, the number of jobs, and so forth. Especially at the local level, the strategy to diversify its approach will likely create a local entrepreneurial environment conducive for self-employment (Dion, personal interview, June 2012). To do this, FLERC has increased its public relations efforts as a way to market its host of services in the oil industry. Increasingly, its reputation has demanded the attention of larger energy corporations—something that is very unique for a First Nation to accomplish in the oil industry. Just recently FLERC, among its surrounding First Nations counterparts, led negotiations in a proposed

pipeline construction by Enbridge, where a signed agreement was the result. Specifically for FLERC the agreement secured a contract to either build the pipeline (in whole or in part), or supply material for the project. On a collective level, FLERC was successful in ensuring that each participating First Nation community will receive \$19,000 from Enbridge for educational and cultural programs—a downstream benefit for other areas at the community level. In terms of capital investment, FLERC, through Windtalker, is currently in discussions with large oil companies to develop the resource potential of the oil sands in the Cold Lake area and/or the construction of oil and gas facilities.

In short, the economic strategy that has been used to create profitable joint ventures will remain in place until no longer feasible, while a change in the strategic direction to begin investments into similar or other projects will now be the focus of FLERC's economic strategy. To the people of FLFN, this is about survival through the participation in the wider economic system. They have found economic prosperity within the petroleum industry. From this context, their experience has given them the knowledge and advantage not only to continue to respond to the market needs in the oil and gas industry, but also to diversify its strategic approach to penetrate other industry markets with the goal of maximizing profits and benefits for FLFN. Because FLERC is now a sizeable corporation with sufficient capital, it is proposing infrastructural development in the community such as a mall to house a grocery store, post office, and so on. This central hub for local businesses will create jobs as well as keep the money in the community as opposed to funneling millions to surrounding town economies.

4.5 Measuring Economic Success of FLFN

In strict economic terms, the overall amount of wealth generated through FLERC's oil and gas operations has been unprecedented and substantial. Virtually all accumulated wealth

thus far has been generated through on-reserve extraction programs. Since 1990, \$288.6 million in production royalties have been paid to IOGC in trust for FLFN (IOGC, Annual Indian Oil Production Report, 2012). Royalties have been generated from oil and gas activity on FLFN lands by various oil and gas companies. Of this amount, FLERC contributed approximately \$55 million in royalties as of 31 March 2012 (FLERC, 10 Year Review, 2011). In addition, FLERC has paid approximately \$10 million in shareholder dividend payment to FLFN (FLERC, 10 Year Review, 2011). As indicated above, FLERC's royalty contribution has been unprecedented and substantial, comprising almost one-fifth of the total royalty revenues generated to date. And, what is even more important is that the generation of capital will continue to increase exponentially if oil drilling and production programs remain at an accelerated pace as well as on the favourable demand and price of oil in the global markets. Furthermore, the above does not include other lucrative revenue sources as a result of the Band's investments, ownerships, and partnerships with various surrounding businesses. While royalty and dividend payments serve as good indicators in measuring the economic success of FLFN, these revenues are used to improve the socioeconomic circumstances among the people of FLFN.

FLERC released a '10 Year Review' report in which it declared that 2011 "was Frog Lake Energy Resources Corp.'s most successful year since incorporation over a decade ago" (FLERC, 10 Year Review, 2011). Within a decade, FLERC has not only reached institutional and operational capacity as an independent operating oil company, it has built a net worth of approximately \$175 million (Dion, personal interview, June 2012). This substantial capital base will allow for the expansion of its economic development ventures, as stated in the Review:

FLERC continues to work with its shareholder to identify new business opportunities which will benefit the Nation's membership. While the main focus has been on oil field related activities, diversification into

other areas will also be considered and encouraged (FLERC, 10 Year Review, 2011).

4.5.1 Benefits to the Community

Indisputably, community members stand to benefit from the economic success of FLFN in many ways. There are two primary capital sources that can be withdrawn for the benefit of the community. As indicated elsewhere, all operating oil companies—including FLERC—must pay royalties to FLFN which are held in trust by DIAND. Royalties are then deposited in the Band's capital trust account. Indirectly, this funding can then be requested for the use and benefit of the community via Band Council Resolution which often requires a rigorous set of requirements and procedures to be met by the Band. The other capital source, which is directly issued to FLFN, is the shareholder dividend payment. If it meets the financial feasibility test at the board level of FLERC, quarterly dividend payments are issued throughout a given fiscal period. Below is a breakdown that describes the areas or programs that benefit from the two primary capital sources available to the Band:

- (1) Capital Trust Account (held in trust for FLFN):
 - a. Subsidization of service delivery programs
 - b. New housing projects
 - c. Per Capita Distribution (PCD) distributed semi-annually
 - d. Capital projects (such as the arena, etc.)
- (2) Dividend Payments (directly issued to FLFN)
 - a. Post-secondary programs
 - b. Elders' Program (e.g., utilities paid by the band)
 - c. Cultural programs (e.g., Sundances)
 - d. Business acquisitions (such as FLOS)
 - e. Investment partnerships with industry partners (such as Pimee)
 - f. Educational and technical scholarships
 - g. Women's program
 - h. Youth activities
 - i. Supplemental financial support for the EDP
 - j. Other Band-related programs

In 2011 FLFN provided 50 residential units for its members, while another 50 units are scheduled in 2012 at a total cost of \$25 million. Without financial contribution from DIAND, the two housing projects have been paid entirely by FLFN through the capital trust account (Price, personal interview, June 2012). Excluding capital projects such as new housing projects, over half of the \$20 million-dollar total operating budget derives from the Band's capital (and revenue) trust funding. Through its other primary revenue source, dividend payments from FLERC are used to financially sponsor an increased number of students in post-secondary and trades programs in the past several years, for example. These payments are also used to supplement existing and much-needed social service program such as the hot lunch program at the local school, while some dividend capital has been invested in local service rig operations with private industry partners such as Pimee—thus increasing revenue sources and generating more wealth and jobs for the community.

While FLFN members benefit economically in various ways, the qualified workforce also benefits from the spin-offs created through joint ventures. The creation of jobs is also another indicator that can be used to measure the economic success of FLFN. To date, FLERC—primarily through joint ventures—provides oilfield-related employment for over 60 qualified members including pumper operators, fluid haulers, and so forth. In addition, it employs members at the administrative and support staff levels at FLERC's headquarters in Frog Lake. Through joint ventures, the majority of the oilfield workforce consists of qualified band member employees, while some are contractors that provide oilfield-related services. Due in large part to the capital-intensive and industry-specific nature of FLERC's operations, there is accordingly a relatively low number of jobs. Unlike industries such as hotels that require a large labour pool, FLERC's operations require more capital than labour in its oil drilling and production programs.

In addition, FLERC has been instrumental in assisting FLFN in creating other partnerships and businesses outside of its own business framework; this has resulted in the creation of more jobs for members in related sectors and increased revenue sources for the Band. This move towards economic growth is captured in the Review as follows:

Frog Lake Energy Resources Corp. has, over the years, paid cash dividends to its sole shareholder, Frog Lake First Nation. The funds have been used by the Nation in acquiring other businesses, creating joint ventures and forming limited partnerships for the purpose of creating economic growth. These ventures have generated employment for the Nation's membership, fostered the learning of new skills and provided the opportunity for First Nation individuals to become self-employed (FLERC, 10 Year Review, 2011)

4.5.2 External Recognition and Contributions of FLERC and FLFN

On 19 February 2010, the joint venture partnership of FLERC and Twin Butte Energy received the coveted Alberta Chamber of Resources and Alberta Aboriginal Relations Rewarding Partnership Award. The Alberta Ministry of Aboriginal Relations declared: "This joint venture has resulted in the most successful wholly-owned First Nations energy company in Canada" (Orator, 2010, p. 2). Interviewed by the Alberta Sweetgrass on the economic success of FLFN, FLERC CEO Joe Dion commented:

FLERC believes that Aboriginal residents need to be developing the resources themselves rather than leasing out their lands to non-Native companies. As a result, income from royalties will benefit our own people directly and, through our company income, provide a double whammy of benefits (Sweetgrass, 2010, np).

Beyond this, Joe Dion was recently presented an award for his outstanding personal achievements in Business and Commerce by Indspire in 2011. Since then, FLFN—through FLERC—has set up an annual endowment of \$100,000 to support the educational and technical initiatives by Indspire for Aboriginal people across Canada (Dion and Quinney, personal interviews, June 2012). On 24 February 2012, "15 outstanding Indigenous people were

recognized with the support of Frog Lake Energy Resources Corp. (FLERC) and Frog Lake First Nation at the 19th Annual National Aboriginal Achievement Awards,” claimed Roberta Jamieson, President and CEO of Indspire. In another case, FLFN and FLERC also donated \$20,000 to assist the Native Studies graduate students from the University of Saskatchewan in presenting their research at the Native American and Indigenous Studies Association (NAISA) conference in Sacramento, California in 2011.

4.6 Conclusion

This case study’s primary objective examines the perspectives, experiences, and strategies of FLFN during the course of its successful economic development. To do this, it posed the primary research question: what factors contribute to the economic success of FLFN? In addition, it posed a subsidiary question regarding FLFN’s economic strategy: what strategic economic model contributes to the successful economic development of FLFN? Before this chapter set out to answer those questions, it provided the necessary discussion on the historical business development of FLERC. This background served as a context upon which FLFN’s economic development strategy started to emerge. This chapter then proceeded to demonstrate four factors that have been, and continue to be, critical in creating sustained economic development for FLFN: effective leadership; strategic community development plan; institutional capacity; and access to land and resources. It was followed with a detailed discussion that identified the joint venture as most effective economic model that contributed to the successful economic development of FLFN. This case study is important because it examined one First Nation’s strategic use of the joint venture in the economic exploitation of non-renewable natural resources on its reserve lands.

For FLFN, the joint venture has been the central component in the economic development strategy that benefits the community in a number of ways. Joint ventures have resulted in the generation of substantial capital that benefits different segments of the community in many ways; in fact, royalties can be indirectly accessed through DIAND, while shareholder dividend payment can be directly accessed through FLERC. In terms of employment, it has created numerous oilfield-related jobs in the joint venture projects as well as employment at the administrative and support staff levels for community members. Equally important, joint ventures provided an environment conducive for the acquisition of business management and technical skills for FLERC senior management. While joint ventures enabled greater control of land and resources by FLFN, they have also significantly increased revenue sources for the Band. Clearly, the joint venture is the most effective economic model and preferred business form that has resulted in sustained economic development for FLFN.

This chapter ended with an attempt to measure the economic success of FLFN by using some indicators. In terms of capital, it is undeniable that FLFN is economically successful and sustainable. What is even more important is that, while FLERC contributed \$55 million in royalties paid to DIAND in trust for FLFN since 2003, the economic strategy will ensure an increased number of sources as well as an increased generation of capital for FLFN as it plans to identify new business opportunities in related or other markets. Clearly, FLFN is successful through the economic lens. Another indicator that was used to measure economic success was the creation of jobs. Over 60 jobs were created as a result of the joint ventures in place, where most of the employment focused on the labour side. In terms of awards, the success of the joint venture was recognized through a special award by the Alberta Chamber of Resources that acknowledged FLERC's joint venture and economic development efforts—clearly another sign

of its success. Another indicator of success was the philanthropic initiatives of FLFN and FLERC to some academic and non-profit Aboriginal institutions in Canada.

CHAPTER FIVE

Ascertainment of the Theoretical Applicability of the Nation-Building Model

5. Introduction

This chapter will concentrate on the theoretical applicability of the nation-building model in the context of the successful economic development of Frog Lake First Nation. The practical intent of this case study is to ascertain the economic development experiences, perspectives, and strategies of FLFN where it can serve as a model or practical guide for other First Nations communities in similar circumstances. In this case study, exploring the theoretical applicability of the American-based NBM in this uniquely Canadian First Nation context will not only serve to contribute to the empirical and theoretical discourses on AED, but it will also increase our understanding in the nascent, demanding research field of AED both inside and outside the academy. In what follows, each of the five determinants which comprise the formulation of the NBM—*de facto* sovereignty, effective governing institutions, cultural match, strategic orientation, and nation-building leadership—is applied where appropriate to determine the degree of applicability. As will be demonstrated, the NBM applies in some areas within the context of the economic success supported by the experiences or situations of FLFN, but not in most areas. Overall, this case study advances the thesis that the NBM does not fully apply in this uniquely Canadian First Nation context; this resultant position is predicated on the results of the theoretical applicability of the NBM's five main determinants in this case study.

An economic development theory, the NBM is a holistic and multifaceted strategy that approaches development from a political perspective rather than an economic perspective (Cornell, 2006, p. 13)—a clear demarcation from conventional theories of economic development. What is perplexing in the literature is that a significant, sizeable group of

observers among the academy, Aboriginal, government and public policy circles as well as the laity tend to uncritically accept and endorse the findings of the Harvard Project without, for example, taking into consideration variables specific to First Nations in Canada—and, more importantly, those supporters do so without any substantive analysis and contributions from empirical works (Simeone, 2007). In addition, other scholars have focused on methodological issues, claiming that inherent defects form the basis of the NBM formulation (Sullivan, 2006; Mowbray, 2006), while others point to the lack or neglect of the operationalization of variables that are unique to other Indigenous-occupied parts of the world such as Canada (Cairns, 2005). Though these concerns are valid observations in the Harvard study, these critiques, which also demand further inquiry, are beyond the scope of this case study.

5.1 Assessing the Theoretical Elements of the Nation-Building Model

5.1.1 De Facto Sovereignty

The NBM approach begins with the assertion of *de facto* sovereignty, which Cornell and Kalt (2007) define as “practical decision-making power in the hands of Indian nations” (p. 19). In other words, tribal or band governments must assert jurisdictional control—or self-governance—over community affairs if sustainable development is to occur. Cornell and Kalt (2007) claim that *de facto* sovereignty—an indispensable prerequisite—is key to development because it “puts the development agenda in Native hands” and that “self-governance means accountability [where] [i]t marries decisions and their consequences, leading to better decisions” (p. 21). Although this prescription is somewhat difficult to quantify, there is ample evidence in this case study to strongly suggest that the assertion of practical sovereignty was not a necessary condition or requirement at the beginning and throughout the course of the successful economic development of FLFN. FLFN leadership—despite the restrictive regimes of co-management and the *Indian Act*—has been able to set the economic development agenda for the community

without any real form of increased jurisdictional control. Under these oppressive regimes, local decision-making authority was far removed from the hands of elected leadership and departmental programs; in fact, much of the authority on which community priorities and projects proceeded rested on the discretion of co-management officers—oftentimes unilaterally. As such, any form of a strategic effort for increased *de facto*—let alone *de jure*—sovereignty was far from discussions at the community level. In fact, FLFN has been, and still very much remains, highly dependent on the governance frameworks provided in the *Indian Act*. For the community, systems of accountability were already in place that were provided through the *Indian Act*; policies on accountability were an accepted and learned system and very much a part of the sociopolitical culture of FLFN—arguably, even to the present day. In other words, jurisdictional control was systematically removed from leadership and departmental programs, thereby further removing community responsibilities of accountability.

What became immediately perceptible was the fact that FLFN leadership was not in a position to assert any form of increased local decision-making authority under the co-management and *Indian Act* regimes during the last thirty years and, more so, in the opening decade of 2000. In fact, current FLFN Councillor Angeline Berland, who also served on band council during most of the period of the co-management system, made the following observation regarding co-management:

Co-management kept us from creating economic and social development for our people; that system took away our [governing] powers as elected leaders. We had no choice to accept the department's ultimatum, if we didn't, all our funding to support programs would stop even though these were necessary services like water hauling, education or social welfare services.... We were put in a position to only be accountable to the department, not towards our community. So, it was almost impossible to start something for our community; co-management is not something that bands want to be in. It's not a healthy situation to be in, it wasn't progressive at all for the community. As councillors, our hands were tied,

and the community as a whole was suffering (Berland, personal interview, June 2012).

Since the early 1980s to February 2012, FLFN had been subject to various forms of financial intervention regimes—namely co-management and remedial management plans—imposed by DIAND, despite the fact that their financial co-managers were hired every year to resolve endemic financial problems. Due in large part to disqualified FLFN annual audits (i.e., audit reports that rendered a ‘denial of opinion’), continuous financial co-management regimes not only created an environment where outsiders dictated the development agenda (if any), but it also had wider implications in that economic development projects and programming were not a prioritized area at the band level (Berland, personal interview, June 2012). By the mid-1990s elected leadership was becoming, *inter alia*, an extension of DIAND; leadership, it seemed, was preoccupied in the maintenance of accountability to and as defined by DIAND, not towards the community. According to the Harvard Project, this situation would fit neatly into the *standard approach*—an approach in opposition to the NBM—where the development agenda and projects were determined by DIAND and its co-managers, thus creating an environment not conducive to community development—on any level.

Recent academic research indicates that the Harvard Project findings may not be as easily transferable to First Nations in Canada as claimed by Cornell and Kalt and their proponents. One such empirical study conducted by Kayseas, Hindle and Anderson (2006a) found that the prescription of *de facto* sovereignty was not an essential element for some First Nations in Canada engaged in successful economic development activities and all within the restrictive confines of the *Indian Act*, thereby concluding that the Harvard Project “research may not be transferable from American Indian tribes to Canadian bands” (p. 237). It is obvious that FLFN would be one among economically successful First Nations described by Kayseas et al. (2006).

When asked whether or not *de facto* or practical sovereignty would have resulted in the economic success now enjoyed by the community, FLFN Councillor Wayne Faithful remarked:

Yes, I guess it would have resulted in the amount of success we are in today, but that kind of control at the band level was not necessary to get where we are today.... Even though the *Indian Act* and its sister the *Indian Oil and Gas Act* control a lot of areas that we should be controlling ourselves already, these government Acts still allowed us to develop the community economically, socially, culturally. If it wasn't for them, I mean the people at Indian Oil and Gas, to approve the permits and leases under FLERC's applications, we wouldn't have been able to get our foot in the door. Even though the band had its ups and downs when we were trying to start up FLERC as a real oil company, Indian Oil and Gas policies were pretty good in allowing the band to get economic development going for the nation.... So to answer your question about sovereignty, it wouldn't have been possible anyways because of past co-managements in place that hardly recognized the elected body of Chief and Council, let alone our decisions at the community level.... What's quite amazing is that we didn't have to have more local authority to be one of the most successful First Nations oil companies in the oil industry. And that, had we focused on and tried to fight for more authority or control, I think it would've just set us back in economic development with FLERC and with other ventures (Faithful, personal interview, June 2012).

Increasingly, it is clear the assertion of *de facto* sovereignty was not a necessary prerequisite in the context of the successful economic development of FLFN. That is, the circumstances and development behind the economic success of FLFN appear to contradict the Harvard Project—at least in regards to this prescription. Remarkably, the innovation and entrepreneurial spirit of FLFN not only created sustained economic development which have had, and continue to have, much benefit for community and non-community members alike, but it has done this within the restrictiveness of the co-management and *Indian Act* systems.

5.1.2 Effective Governing Institutions

In terms of effective governing institutions, Cornell and Kalt (2007) remind us, “If sovereignty is to lead to economic development, it has to be exercised effectively. This is a matter of governing institutions” (p. 22). More specifically, Indigenous governments must have

effective governing institutions in place to not only back up jurisdiction or self-rule, but it also “means putting in place rules that encourage economic activity that fits the community’s *shared* objectives” (Cornell & Kalt, 2007, p. 23). Stated differently, it is about “setting up rules and mechanisms on how to relate in a community committed to business growth” (Calliou, 2008, p. 335). According to their research, the Harvard theorists proposed several features that are key to the institutional organization of Indigenous communities: stability, separation of day-to-day business and program management from political interference, depoliticized court system (or other mechanisms of dispute resolution), and effective and competent bureaucracies (Cornell & Kalt, 2007). In this subsection, the prescription of effective governing institutions for economic development will be analyzed based on the features immediately described above. It will be detected that, upon closer examination, some of the prescribed features described here apply in the context of the sustained development of FLFN. However, some features cannot be assessed because some of the requirements advanced by the Harvard Project are non-existent in FLFN such as a depoliticized court system or council of elders to adjudicate competing claims.

FLFN recently has begun extensive policy development in various areas but mainly in program delivery. Increasingly, it appears the institutional environment is beginning to take shape to the extent that policies will provide a framework on the interaction between government, its programs and services, and the community at large. In terms of a specific community policy designed to regulate the business environment of the community and how its members organize action, cooperate, and interact amongst each other and with outside investors, there is neither such sophistication nor actual development at the policy level—for example, a constitution, set of codified bylaws or a council of elders—that speaks directly to the business side in the community. Aside from the Band’s EDP which only targets local entrepreneurs, there

is no community-designed set of rules that is committed to the business growth in the community—at both the insider and outsider investment levels.

The extent to which rules govern the interaction and provide investment security for both FLFN and joint venture partners (as outside investors) are provided via *Indian Oil and Gas Act* and *Indian Oil and Gas Regulations, 1995*. In fact, the regulatory regime of IOGC, which is currently undergoing a process of modernization, protects the investments and assets of all operating oil companies including FLERC. Conversely, the regulatory regime provides environmental protection as well as the preservation of cultural, historical and ceremonial sites on FLFN lands. Aside from few community blockades at oil lease site locations in the past, all resource extraction operations on reserve lands are protected by the force of law. Though some have argued that IOGC wields too much authority in the regulation and control of reserve lands and natural resources, the IOGC system nonetheless provides an environment conducive to economic development for FLFN in its industry-specific approach to development. And it has served, and continues to serve, FLFN quite well. As such, it is safe to claim that, despite the fact that IOGC continues to regulate oil and gas development on FLFN reserve lands, the stability of a systematic set of rules under the IOGC system continues to be a determinant in the sustained development for FLFN, while providing a system that can be trusted by both FLERC and joint venture partners—thus making it difficult, if not impossible, for investments to be held hostage to corruption or partisan politics. While the regulatory regime of IOGC provides the necessary set of rules committed to the business growth for the community primarily in the oil and gas industry, there is yet to be an organized set of rules that regulates other industries in local economies such as service sectors.

Among the findings of the Harvard Project is the separation of politics from quotidian management of businesses or enterprises. This finding was based on the empirical observation that “Nation-owned enterprises insulated from political interference are nearly five times as likely to be profitable as those that are not” (Begay, 2012, p. 26). This finding seems to apply in the case of FLFN. As noted earlier, four council members occupy allocated positions on the FLERC board of directors during their two-year terms, while some have maintained board member status upon re-election. To a significant degree elected officials as board members determine the general management and direction of FLERC. They have been doing so since FLERC’s inception; in fact, these board members are accorded considerable decision-making authority at monthly and/or quarterly FLERC board meetings as well as through their mandatory written approval as a board in documents where necessary. While councillors as board members undoubtedly play a significant role at the broader business level of FLERC, current and past councils—whether board members or not—have neither politically influenced nor interfered in the day-to-day business management of FLERC in areas such as hiring, firing and so forth (Dion, personal interview, June 2012). Accepting an award on petroleum industry partnerships from the Alberta Chamber of Resources in 2010, FLFN Chief Clifford Stanley, among other things, made reference to the separation of politics and business: “Truly, FLERC is an example of success when politics is kept away from business” (Alberta Chamber of Resources, 2010). From the day-to-day business side, FLERC Chairperson John Zahary captures this connection between politics and business quite well:

I think it’s difficult to get government out of business because government is so extensively involved in regulating or managing business investments. When people say getting the government out of business, what they mean is getting it out of the day-to-day aspect of business. Personally, I think it’s very helpful to FLERC to have significant involvement from Chief and Council so that FLERC would

have an understanding of Chief and Council want to do. But I also think it's somewhat helpful for FLERC to have its own responsibilities that it conducts through the board—working in the Nation's best interest (Zahary, personal interview, October 2011).

The prescribed requirement of effective governing institutions as reliable and competent organizations that provide effective administration is clearly evident in FLERC. As an independent operating oil company, it is fully capable in the administration of oil extraction programs as part of the joint venture agreements as well as comply with IOGC's regulatory requirements in terms of environmental assessments, production royalties, and so forth. As a nascent economic force in the local petroleum industry, the efficiency, reliability, and stability of FLERC clearly resulted in the generation of substantial capital, creation of jobs, and other economic benefits for the community. These observations support the Harvard Project's finding that effective institutions must be part of the process of creating sustainable development in Indigenous communities. Without FLERC possessing the necessary institutional capacity, FLFN would not have the economic success it now enjoys (Faithful, personal interview, June 2012; Berland, personal interview, June 2012; Dion, personal interview, June 2012; Zahary, personal interview, October 2011).

5.1.3 Cultural Match

In terms of culture match, the Harvard Project reminds us that “[s]uccessful tribal economies stand on the shoulders of culturally appropriate institutions of self-government that enjoy legitimacy among tribal citizens. Given a diversity of Native cultures and circumstances, tribes are challenged to equip themselves with institutions (e.g., constitutions, economic systems, etc.) that fit their unique societies” (cited in Dowling, 2005, p. 124). In other words, a cultural match can be described as “a fit between those governing institutions and indigenous political culture—in short, the institutions had to match indigenous ideas about how authority should be

organized and exercised; otherwise, it would lack legitimacy with the people being governed and would lose their trust and allegiance” (Cornell, Curtis & Jorgensen, 2004, p. 7). At the request of the Office of the British Columbia Regional Vice-Chief of the Assembly of First Nations to examine and critique the *First Nations Governance Act* (Bill C-61), Stephen Cornell, Miriam Jorgensen and Joseph Kalt presented their analysis to the Assembly in July 2002. In it, they heavily emphasized cultural match as one the critical determinants to address dependency and poverty with the aim of creating viable, sustainable economies in First Nation communities. They argued that, to achieve culturally-responsive governance systems and sustained economic development, cultural match means dismantling imposed, anachronistic systems of governance in favour of community-derived and culturally-appropriate forms of governance systems. They believe that this approach should be undertaken by First Nations in Canada in order to create sustained economic development. They argued:

Effective governance is not simply a matter of establishing good government practices. It is a matter also of enlisting citizens as willing, active participants in the effort to build societies that work, empowering them to build those societies in their own ways, and making them feel that the future, a significant degree, is in their hands (Cornell, Jorgensen & Kalt, 2002, p. 3).

They go on to argue that imposed governance systems will maintain the status quo among First Nations in Canada and that “government practices legislated from outside are less likely to win support from communities they govern than those created from within. Without such support, they are unlikely to perform well” (Cornell, Jorgensen & Kalt, 2002, p. 11).

In that report, the Harvard theorists effectively captured the essence of the plight facing First Nations in Canada. While they presented a well-developed argument that calls for a locally-driven systematic engineering of a cultural match to create sustained economies, the case of FLFN appears to contradict or run counter to their finding on cultural match. In fact, FLFN is

not alone. Research indicates that some economically successful First Nations in Canada have structured themselves upon organizational structures that clearly reflect western and capitalistic notions of governance. Empirical research by Kayseas, Hindle and Anderson (2006a) illustrates this point. They found that at least one First Nation community structures itself as a corporation and “has successfully engaged in economic development activities using a political and organizational structure—and decision-making rules—that are clearly not Indigenous in origin... [thus] contradict[ing] the conclusions of the Harvard study...” (Kayseas, Hindle & Anderson, 2006a, p. 237). Like this case in point, FLFN, as you will see, posits the necessary requirement of a cultural match as this was not required during the formative years of economic development via FLERC. In fact, there is no documentary evidence—through council and community meeting minutes—to support that there were community-led efforts to create a governance system that can be described as an attempt to engineer a fit between the community and institutions of governance. Instead, FLFN has managed to work within the restrictive confines of the *Indian Act* to create sustained economic development—something not easily achieved by First Nations in Canada.

As indicated elsewhere, FLFN, for the most part, continues to be profoundly reliant on the *Indian Act* system that, in many ways, it has become entrenched in the Indigenous political culture of the community. This is not to claim that the *Indian Act* provides the most effective governance system; rather, this case study has found that the current institutional foundation upon which FLFN continues to sustain development has its origins in the *Indian Act*. Its current dependence is deeply rooted in the older generation’s fears that other forms of governance systems would bring about change for the worse in the community. Current and long-time FLFN Councillor, Angeline Berland, explains in her Plains Cree language:

Frog Lake is very dependent on the Indian Act, but we're in the process of trying to change some aspects of it to reflect what the people want today. If you look at Frog Lake today, we don't have our own policies in the major areas like an election code, a membership code, a land use policy or even our own constitution. The Indian Act does this for us for as long as I can remember. We're still, I think, one of the bands or maybe the only band, in this area that relies on the Indian Act for almost everything we do.... The reason for this is that, the elders, and many of them have passed on, had always said that self-government would eventually sell our land where we, our children and grandchildren would be even poorer. The Indian Act has protected and helped us since the signing of the Treaties; this is what the old people have said. That is why the old people have embraced the Indian Act and that is why we still rely on it today (Berland, personal interview, June 2012).

Even though the imposed *Indian Act* plays a significant role in the Band's governance processes and contemporary political culture of the community, it is a system that is not necessarily inimical to development. FLFN is an interesting case because it provides a unique scenario in the application of the NBM. On the one hand, FLFN supports the Harvard Project's requirement that, when cultural match—or legitimacy—is high, it tends to result in successful development. On the other, FLFN contradicts this requirement by the fact that the *Indian Act* is clearly the source of its cultural and political legitimacy and forms the basis of how the authority in the community is organized and exercised.

As this point, it seems fitting to discuss a recent workshop held in Frog Lake. On May 24 and 25, 2012, Dr. Manley Begay—an Indigenous Navajo scholar and ambassador of the Harvard Project—conducted a two-day workshop on nation-building. According to his presentation relating to cultural match, Dr. Begay claimed that the *Indian Act* system has created an undeniable cultural mismatch among First Nations communities in Canada that contributes to unsuccessful development and economies. Under this cultural mismatch, First Nations governance is characterized as follows:

- Bands as administrative units

- Limited decision-making power
- Organization dictated by Ottawa
- No independent judicial function
- Politicized business management

While these circumstances can negatively impact development outcomes among First Nation communities, some First Nations, like the Osoyoos Indian Band, have created viable, sustainable economies including FLFN that continue to be economically successful despite the restrictive and oppressive nature of the *Indian Act*. To a large extent, the cultural mismatch conditions described above reflect the current state of conditions within the governance system of FLFN. In fact, on each point FLFN scores high—thus immediately contradicting these findings immediately described above.

5.1.4 Strategic Orientation

While less systematically focused in the Harvard Project research and recently added as another determinant in the formulation of the NBM, strategic orientation is a process by which “community’s leaders determine long-term objectives, identify priorities and concerns, and take a hard-nosed look at the assets the nation has to work with and the constraints it faces” (Cornell & Kalt, 2007, p. 26), while asking: “What kind of society are we trying to build?” (Cornell & Kalt, 2003, p. 206). Furthermore, strategic orientation involves the following shifts in community attitudes and approaches to development: from reactive to proactive thinking, from short-term to long-term thinking, from opportunistic to systemic thinking, and from a narrow problem focus to a broader focus on the community (Cornell & Kalt, 2007; Begay, 2012). In the preceding chapter, it is clear that strategic orientation was an important component in the strategic economic development plan—primarily in regards to the identification and response to the market demands in the local oil and gas industry. As part of the set of factors that contribute

to economic success, the strategic economic development plan focused on and identified the joint venture model as the central element upon which access to capital, the market, and operational expertise was achieved. As FLFN progressed over the last decade, not only did it create sustained economic development, but it also acquired a sense of confidence—and, more importantly, competence—in their economic development activities for the future.

It can be effectively demonstrated that the strategic orientation framework described above, if applied at the outset of the economic development program through FLERC, FLFN would be highly characterized as reactive, short-term, opportunistic, and looking at community problems from a narrow economic perspective—thus contradicting the conditions which result in unsuccessful economies. Today, however, the situation is fundamentally different for FLFN: they are undeniably an Aboriginal industry leader in the energy sector with a viable, sustainable strategic economic development program. From this perspective the NBM's requirement of strategic orientation can be assessed within this current context of economic success to determine the extent of its applicability.

Largely due to recent positive developments—namely through ongoing oil extraction programs, and the imposed financial co-management regime no longer in effect—a collective shift in attitude is detectable and demonstrable in the community. Among other things, this sense of pride has fuelled a concerted effort to further develop the community, not just economically, but in other areas as well. Without an imposed financial co-management regime dictating an external agenda and with more resources now in place, the process of community development appears to be a challenging yet attainable feat. Admittedly, this shift in community attitude is increasingly reflecting those features described as part of the strategic orientation requirement. When asked whether it is important to approach development with the question,

“What kind of society are you trying to build?,” FLFN Councillor Wayne Faithful quickly interjected: “Of course, as leadership we have to always be future-oriented in whatever we do at the council level; it’s what the elders have instilled upon us. It’s a question that’s always in the back of our minds as Frog Lake leadership” (Faithful, personal interview, June 2012). In another interview, FLFN Councillor Angeline Berland was queried if a strategic orientation approach was necessary in the development of the community. She remarked: “Yes, it is always important to plan ahead, to plan for the future. We can plan ahead now that we’re out of co-management Strategic orientation is what we did with FLERC; it is now a successful oil company for the band, and growing” (Berland, personal interview, June 2012).

From the perspective of FLERC CEO Joe Dion, “strategic orientation was the centrepiece of FLERC’s success. It was a mandate from chief and council and still is.... You have to have a strategic oriented-plan to make it in business; if you don’t, you’ll never succeed.... From FLERC, our job is to create a profit in the drilling of oil, and, we’re already in the process of looking at other potential opportunities where we can start investing in other projects” (Dion, personal interview, June 2012). Clearly, the element of strategic orientation has been, and continues to be, central in FLFN’s approach to development. In fact, this case study could not locate evidence to determine the inapplicability of this factor within the interview material. As such, the evidence in this case study supports this finding that strategic orientation applies to a large extent in the context of FLFN’s economic success.

5.1.5 Nation-Building Leadership

Though, again, less systematically addressed in their research, nation-building (or strong) leadership has also been identified as another determinant important in sustained economic development of Indigenous nations. Nation-building leadership can be described as “some group or set of individuals who are willing to break the *status quo* practices in development and

governance, can articulate a new vision of the nation's future, and can both understand and effectively encourage the foundational changes that such vision requires" (Cornell, Jorgensen & Kalt, 2002, p. 5). Like strategic orientation, nation-building leadership as the final determinant in the NBM formulation is clearly another given. The nation-building leadership requirement applies—to a large extent—within the context of the economic success of FLFN.

According to Cornell and Kalt (2007), successful economics are likely the result when "leadership's primary concern shifts to putting in place the institutional and strategic foundations for sustained development and enhanced community welfare" (p. 26). Undeniably, this observation clearly reflects the role and strategic efforts by FLFN leadership in their economic development approach primarily through FLERC. According to FLERC CEO Joe Dion, "it was through the strategic efforts of past and the current leadership which eventually created the foundation for FLERC and other business ventures to flourish and become profitable and successful... [and this] in turn created jobs and good incomes for band members" (Dion, personal interview, June 2012). From a similar perspective, FLFN Councillor Angeline Berland reveals: "I am happy that we've created profitable businesses, especially FLERC, and business partnerships with other oilfield companies in the area. But mainly through FLERC, things are improving for the people.... [And] with this huge amount of money in our trust accounts, we can do a lot more now for the people who need the help especially to provide new housing, post-secondary and technical trade funding and so on" (Berland, personal interview, June 2012). Clearly, sustained development and enhanced community welfare—and undoubtedly other economic benefits—have been achieved through the long-term, strategic efforts of past and current FLFN leadership. The state of the economic development of FLFN is sustainable;

moreover, it is sustainable to the extent that a clear economic vision continues to guide the economic plan and strategies of FLFN.

5.2 Conclusion

In this chapter, the NBM was applied in the context of the economic success of FLFN. From this context, each of the five determinants that comprise the NBM was assessed to determine its degree of applicability. Before I briefly summarize the degree of applicability on each point, I want to make some observations about the NBM which are pertinent in this case study, and presumably, in other social science inquiries. First, the NBM is a very broad theoretical framework that incorporates many facets in its logical presentation to explain why and how a set of determinants can create a community environment conducive to development. In many ways, the broad scope of the Harvard theorists' approach makes it somewhat difficult, if not impossible, for its inapplicability among Indigenous societies in the world. Second, the vernacular language in its presentation makes it comprehensible and straightforward to various audiences especially those in leadership capacities in Indigenous communities. What is also unique about the Harvard Project is that, unlike other theoreticians who mainly present their theoretical research findings at academic forums and oftentimes to a particular elite, the theorists actually present their empirical findings in Indigenous communities as well as in leadership forums (or conferences) headed by Aboriginal organizations—thus making the NBM extremely accessible to the people they are trying to help. Lastly, it appears that the recent addition of the last two prescriptions—strategic orientation and nation-building leadership—has been a strategic theoretical move with the aim to increase the extent of applicability of the NBM. While the first three elements—*de facto* sovereignty, effective institutions, and cultural match—can be effectively demonstrated, if not somewhat quantified to a certain extent, that they may not

necessarily be essential in the successful development among First Nations in Canada, the acknowledged supposition of the last two elements make it difficult to exclude their importance and necessity.

Based on the results of the exercise of applying the NBM elements, the overall assessment is that the NBM does not *fully* apply in the context of the economic success of FLFN. This case study found that *de facto* or practical sovereignty was not a necessary condition or requirement at the beginning and throughout the course of the successful economic development in FLFN. In fact, FLFN leadership—despite the restrictive regimes of co-management and the *Indian Act*—has been able to set the economic development agenda for the community without any form of increased jurisdictional control. In addition, FLFN has been, and still very much remains, highly dependent on the governance frameworks provided in the *Indian Act*. In terms of effective governing institutions, there was ample interview evidence to support the relative significance of this requirement. While some features under this prescription could not be assessed because, for example, a depoliticized court system to adjudicate competing claims is non-existent in FLFN, the aspect of the separation of politics from day-to-day business management was clearly supported in the manner FLFN leadership respected FLERC's jurisdiction on daily business matters as well as in its ongoing oil drilling and production programs. To a large extent, the features under this requirement were applicable and supported by examples elicited from interview data. The extent of the applicability of cultural match was somewhat mixed. On the one hand, FLFN supports the Harvard Project's requirement that, when cultural match—or legitimacy—is high, it tends to result in successful development. On the other, FLFN contradicts this requirement by the fact that the *Indian Act* is clearly the source of its cultural and political legitimacy and thus forms the basis of how the authority in the

community is organized and exercised. While there were interview material and documentary evidence to support the various levels of applicability of factors within the first three elements, there was no evidence to advance claims in contrary to the prescriptions of strategic orientation and nation-building leadership.

CHAPTER SIX

Conclusion

6. Introduction

In this final chapter I present the overall findings of this case study. While Chapter One provided the necessary context, research questions, and objectives upon which this case study proceeded, the following section will present the research results from Chapters Two to Five. It is then followed with some reflective commentaries on the research contributions, implications for research, and final thoughts of this inquiry.

Let me succinctly reiterate and thus remind my readers about some of the components in qualitative research described in Chapter One. This case study advanced the thesis that the most effective approach to economic development employed by FLFN—through its band-owned oil company, FLERC—is the joint venture model applied in the oil extraction programs on its reserve lands. The primary objective of this inquiry examined the perspectives, experiences, and strategies of Frog Lake First Nation during the course of its successful economic development program. To achieve this objective, this case study sought to answer the central research question: what factors contribute to the economic success of FLFN? It also posed two subsidiary questions: (1) what strategic economic model contributes to the successful economic development of FLFN? and (2) to what degree does the nation-building model apply to the successful economic development within the context of FLFN? To effectively answer these questions, the case study—more specifically, the instrumental case study—was employed as it was the most suitable research strategy for this inquiry. Equally important, the purpose of the study was twofold: first, the FLFN economic development approach can serve as a model and practical guide for other First Nation communities in similar circumstances; and second, this case

study has not only contributed to the newly emergent body of literature on AED, but it has also increased our current state of knowledge and understanding through the empirical nature of this research and application of an economic theory in a uniquely Canadian First Nation context.

6.1 Case Study Findings

In broad terms, this case study demonstrated that economic development can be the key to sustainable development for Indigenous societies with the aim of improving the socioeconomic circumstances in which they find themselves. Using FLFN as a case study, it confirms that First Nations are participating in the global capitalist economy as a modern, adaptive and resilient way of survival—economically, culturally, socially, and politically. In specific terms, it showed that self-managed economic development strategies through joint ventures—or strategic alliances—are key to the economic success of Frog Lake First Nation. Conclusively, it is safe to assert that the joint venture model is the most effective economic tool that continues to create viable, sustainable economies for the community of FLFN. Incontrovertibly, the joint venture model continues to be the most effective economic tool simply because it generates substantial wealth for FLFN, creates employment for qualified members, increases Band control over on-reserve natural resources, and results in economic benefits for both community and non-community members. In addition, joint ventures continue to increase revenue sources for FLFN; in fact, these strategic partnerships continue to be used to capitalize on other business opportunities and thus maximize economic benefits. Fundamentally, this case study has added to our understanding that the joint venture model can be manipulated and enhanced to create conditions (or terms) favourable for First Nations in their economic development programs within the petroleum industry.

6.1.1 Chapter Two

Chapter Two sought to provide the research methodology and methods in this social science inquiry. Due in large part to the relatively unexplored nature of joint ventures between First Nations and private industry partners within the oil and gas sector as well as the fact that FLFN's economic success has gone unnoticed, the instrumental case study approach was employed to seek a deeper understanding of this phenomenon—its complexities, benefits, and purposes. The process of data collection occurred in two phases. While an extensive review of documentary materials captured some of the factors, thematic categories, and exposed macro processes within the unit of analysis, eight formal semi-structured in-depth interviews were conducted with seven key participants from both the senior levels of FLFN and FLERC that captured the perspectives, experiences, and strategies of FLFN in their successful economic development. In terms of data analysis, this case study employed the traditional or conventional method including data management, memoing, interpretation, and representation (Creswell, 2007). Based on the above strategy, the data followed a process of transcription, coding, analysis, and presentation of results. As well, this case study was not aided by the use of interview software, which is becoming quite popular yet useful in qualitative research.

As part of the ethical component in this research, I obtained unanimous approval to conduct this case study on the successful economic development of FLFN from the FLFN Chief and Council on 13 September 2011 in Frog Lake. On behalf of Council, Chief Stanley signed the Research Agreement and designated Councilor Wayne Faithful to review the final draft copy of the thesis. Not only did this allow for community input into the thesis, but it also provided an opportunity to correct any incorrect factual information inadvertently written by me. This approval by the FLFN government was preceded by approvals from the Native Studies Advisory

Committee and the University of Saskatchewan Behavioral Research Ethics Board (Beh-REB), which both found the proposal to be acceptable on ethical grounds.

6.1.2 Chapter Three

Chapter Three examined various bodies of literature—academic, state, and independent—as part of the review of literature. It began with a brief historical overview during the period in the first two-thirds of the twentieth century, and described the extent to which early literature contributed to the emerging subject area of AED. It then examined more recent literature which identified some common themes, and more importantly, identified some gaps in the literature as it pertained to the topic of this case study. Some of the common themes included Aboriginal participation in the capitalist system as a way to address and thus improve their socioeconomic circumstances; the coexistence of traditionalism and capitalism in the modern approach to development; and the need for sustained capacity development at various levels in Aboriginal communities. In addition, this subsection also examined the extent to which the literature spoke to the utilization of joint ventures in various industry sectors in Canada. Specifically, this chapter found that the joint venture—as a strategic economic model—in the oil and gas industry remains virtually unexplored and thus utterly neglected in the various bodies of literature. In other words, while joint ventures between First Nations and private partners in the oil industry have received little attention in the literature, FLFN, too, has received even much less attention despite its economic success in the oil and gas industry through the work its operating oil company as well as its financial contributions to Aboriginal national organizations such as Indspire. Therefore, it was found and thus advanced that both FLFN and its joint ventures within the oil and gas industry needed to be explored so that it would fill some identified gaps in the literature as well as contribute to the current state of knowledge on AED.

This chapter ended with a critical examination of the elements of the NBM formulation and relevant commentary on the findings of the Harvard Project.

6.1.3 Chapter Four

In Chapter Four, I concentrated on the identification of factors that contribute to the economic success of FLFN; in addition, I identified the primary strategic economic tool utilized by FLERC. The identification of these factors answered the case study's central research question. These factors included effective leadership, strategic economic development plan, institutional capacity, and access to land and resources. Hence, it was found that these four factors have been, and continue to be, critical in creating sustained economic development for FLFN. This chapter also provided the space to address the first of two subsidiary questions posed in this case study. It is primarily through this chapter that I advanced the thesis that the joint venture is the most effective economic model that contributes to the sustained economic development of FLFN. Undeniably, the joint venture has been the central component in the economic development strategy that benefits the community in a number of ways. Joint ventures have resulted in the generation of substantial capital that benefits different segments of the community in many ways; in fact, royalties can be indirectly accessed through DIAND, while shareholder dividend payment can be directly accessed through FLERC. In terms of employment, it has created numerous oilfield-related jobs in the joint venture projects as well as employment at the administrative and support staff levels for community members. Equally important, joint venture arrangements provided an environment conducive for the acquisition of business management and technical skills for FLERC senior management. While joint ventures enabled greater control of land and resources for FLFN, they have also significantly increased revenue sources for the Band. Clearly, the joint venture is the most effective economic model and preferred business form that continues to sustain economic development in FLFN. And,

more importantly, the joint venture model will continue to serve as a vehicle for *sustained* economic development into similar or other markets for FLFN—whether locally or not.

This chapter ended with an attempt to measure the economic success of FLFN by using some indicators. In terms of capital alone, it is undeniable that FLFN is economically successful and sustainable. What is even more important is that, while FLERC contributed \$55 million in royalties paid to DIAND in trust for FLFN since 2003, the economic strategies will continue to ensure an increased number of revenue sources as well as increased generation of capital for FLFN as it plans to identify new business opportunities in related or other markets. Clearly, FLFN is successful through the economic lens. Another indicator that was used to measure economic success was the creation of jobs. Over 60 jobs were created as a result of the joint ventures in place, where most of the employment focused on the labour side. In terms of awards, the success of the joint venture was recognized through a special award by the Alberta Chamber of Resources that acknowledged FLERC's joint venture with Twin Butte as well as its economic development efforts—clearly another sign of its success. Another indicator of success was the philanthropic initiatives of FLFN and FLERC to some academic and non-profit Aboriginal institutions in Canada.

6.1.4 Chapter Five

Chapter Five assessed the theoretical applicability of the NBM within the context of the economic success of FLFN. From this context, each of the five determinants that comprised the NBM was assessed to determine its degree of theoretical applicability. Based on the results, the overall assessment was that the NBM did not *fully* apply in the FLFN context. This case study found that *de facto* or practical sovereignty was not a necessary condition or requirement at the beginning and throughout the course of the successful economic development in FLFN. In fact, FLFN leadership—despite the restrictive regimes of co-management and the *Indian Act*—has

been able to set the economic development agenda for the community without any real form of increased local decision-making authority or jurisdictional control. In addition, FLFN has been, and still very much remains, highly dependent on the governance frameworks provided in the *Indian Act*. In terms of effective governing institutions, there was ample interview evidence to support the relative significance of this requirement. While some features under this prescription could not be assessed because, for example, a depoliticized court system to adjudicate competing claims was non-existent in FLFN, the aspect of the separation of politics from day-to-day business management was clearly supported in the way FLFN leadership respected FLERC's jurisdiction on daily business matters as well as in its ongoing oil drilling and production programs. To a large extent, the features under this requirement were applicable and supported by examples elicited from interview data. The extent of the applicability of cultural match was somewhat mixed. On the one hand, FLFN supported the Harvard Project's requirement that, when cultural match—or legitimacy—was high, it tended to result in successful development. On the other, FLFN contradicted this requirement by the fact that the *Indian Act* is clearly the source of its cultural and political legitimacy and forms the basis of how the authority in the community is organized and exercised.

While there were interview material and documentary evidence to support the various levels of applicability of factors within the first three elements, there was no evidence to advance claims that may be contrary to the prescriptions of strategic orientation and nation-building leadership. The ascertainment of the theoretical applicability of the American-based NBM in this uniquely First Nation context will not only serve to contribute to the empirical and theoretical discourses on AED in the Canadian context, but it has also increased our

understanding in the nascent, demanding research field of AED both inside and outside the academy.

6.2 Research Contribution

The importance of this study is the valuable contribution it makes towards creating sustainable and viable economies within the oil and gas industry through the joint venture model. As the unit of analysis, FLFN is one example in the empirical contribution to the current state of research and knowledge. As a case study, it brought forth the perspectives, experiences, strategies of one First Nation community in its economic development program. This social science inquiry is unique because it identified a set of factors that contribute to economic success of a First Nation community within the oil and gas industry; it also identified a strategic economic model as part of that successful, sustainable development. Furthermore, it demonstrated that, like the Osoyoos Indian Band, FLFN was able to create sustained economic development despite the restrictive regimes of co-management and the *Indian Act*. In practical terms, the findings of this case study can be used to assist other First Nations in their economic development programs and who find themselves in similar circumstances. Fundamentally, this case study contributes to the various bodies of literature and knowledge in that the research findings presented here do offer hope for Aboriginal communities through economic development. Principally, other First Nations will find, I believe, that the section on the joint venture (in Chapter Four) to be most useful as this section offers much insight into what and how joint venture arrangements can be used to capitalize on economic and business opportunities within the petroleum industry. In theoretical terms, the findings of this case study will not only begin to fill some gaps in the literature, but it will also contribute to our understanding of AED as an emerging, demanding, and valid discipline—worthy of inquiry.

6.3 Implications for Research

In this case study, one First Nation and its economic development strategies were examined within the oil and gas industry as a way to improve their socioeconomic circumstances through the participation in the global capitalist system. Though just one unit of analysis was under study, the contributions of this case study are significant. Stated elsewhere, case study research tends to be one of the primary methodological approaches into new and developing fields of inquiry. And AED is no exception. To further increase our current state of knowledge, I advocate case study research that involves more than one unit of analysis (i.e., multiple case studies) in various industry sectors that could identify common factors of success as well as those factors that hinder development. While theoretical-oriented research would contribute to our understanding of AED at the conceptual level, I would advocate empirical-oriented research that earnestly involves First Nations communities as part of the research process. In this way, First Nations would not only bring insight into the complexities of AED, but they would also be exposed directly to the research findings, which oftentimes does not reach them via theoretical-oriented research. If not through the case study approach, I also advocate the grounded theory methodology to further increase our knowledge on AED, and, more importantly, to advance workable models and practical knowledge for Indigenous peoples in their struggle to rebuild their communities through economic development.

6.4 Final Thoughts

As a registered member of the Frog Lake First Nation, it gives me great satisfaction to tell and lead the story of FLFN's economic success through the work of FLERC. FLFN has come a long way in the past decade. Undeniably, FLFN has become an Aboriginal leader in the petroleum industry in Canada—something not easily achieved especially within the restrictive

confines of the *Indian Act* system. Under the economic development umbrella, FLFN has created, and will persistently continue to create, the foundation whereupon wealth generation, job creation, and economic benefits are commonplace—for community and non-community members alike. Though not easily discerned throughout this case study, the work, dedication, and spirit of Joe Dion has helped the community of FLFN—immensely. Simultaneously, I strongly believe that—without his involvement as a perspicacious industrialist and experienced capitalist—Frog Lake First Nation would likely not be where it is at today. With the assistance of Joe Dion, FLFN found its new buffalo—the joint venture—in the modern hunting grounds of capitalism. In many ways, Joe Dion has led the way for FLFN into sustained economic prosperity; he has taught us an adaptive way of thinking about and engaging within the world of capitalism with the aim of preserving our cultural way of life in the modern world for generations to come. As my writing comes to a close, I must now prepare a community report on the findings of my research to the leadership and membership of FLFN. Through FLFN as a case study, I feel that I have contributed in some way—especially to my People. Ekosi.

APPENDIX A: CONSENT FORM

You are invited to participate in a research project titled: **Frog Lake First Nation and Economic Development: A Case Study**. Please read this form carefully, and feel free to ask questions you might have.

Researcher: **Albert James Berland**, B.A. (Honors)

M.A. Student

Department of Native Studies, Graduate Program, University of Saskatchewan

Home Address: 241, 5th Ave. North, S7k 2P3, Saskatoon, SK

Telephone: 306-979-2524

Email: albert.berland@usask.ca

Supervisor: **Dr. Robert Innes**

Assistant Professor

Department of Native Studies

125 Kirk Hall, Science Place

University of Saskatchewan

Saskatoon, SK S7N 5E6

Phone: 306-966-2197

Fax: 306-966-6242

Email: rob.innes@usask.ca

Purpose and Procedure: The purpose of the study is to find out what makes sustainable and successful economic development in Frog Lake First Nation (FLFN) through the Frog Lake Energy Resources Corporation (FLERC) and understand FLFN/FLERC's perspectives of success within its economic development strategies. The procedures of the research will be: interview participants; transcribe interviews; review FLFN and FLERC documents; code data into categories to make sense of them; begin analysis supported by the data; and present data to the representatives of FLFN and FLERC. I will require a time commitment from each participant. Participants will be required from the moment the interview begins to the release of Transcript Satisfaction and Release Form to the researcher. As well, interviews will be held at the choosing of the participant; however, it is preferred that interview locations be in a quiet, secluded (and distraction free) places. Even more important, this will also allow for the protection of the participant's confidentiality and/or anonymity. Findings will be presented to the designated representatives of FLFN and FLERC for their interpretations; the data will be reported in direct quotations.

Potential Benefits: It is anticipated that there will not be any direct benefits to you as the participant. This study will not guarantee any benefits to the participant. The study will not only profile the economic successes of FLFN but it could serve as a model on for other First Nations economic development. It can also serve to promote and sustain further the economic development created by the First Nation.

Potential Risks: The study does not anticipate any foreseeable risks, side effects, or potential discomforts for the participants. In the event the researcher clearly observes or senses any

degree of risk, side effects, or discomfort, the researcher will terminate the involvement of the participant (and his or her interview material).

Storage of Data: All identifying information of participants will be kept with the researcher. The storage of collected data will be locked in a (key-only) cabinet; the data will be stored and retrievable only by the researcher; the data will be kept for the entire duration of the research until the thesis is complete. Further, the digital recorder used for the interviews will be kept separate from all identifying information. Upon thesis completion, I forward all collected data to the Department of Native Studies at the University of Saskatchewan, where it will be kept in a secure location for the period of five years. After five is up, all data will be destroyed.

Confidentiality: To ensure the anonymity of the participants, I will use codes to represent names of the research participants on the audio-recorder and in the transcriptions. I will keep these digital recordings in a locked cabinet during the writing of the findings. In addition, I will not use any names, but will use the information gathered through the interviews in the writing any subsequent articles, reports, or books. However, if they so desire, participants can sign a Waiver of Anonymity form to allow me to use their names. I will securely store the audio-recorded interview for a period of five years, after which time the audio-recordings will be destroyed.

To ensure participants' confidentiality to those who choose not to be named in the published quotes will be assigned a pseudonym (a fake name); all identifying material will be removed from their transcripts and no personal information will be used in the final draft of the findings. In addition, no names of any other individual or community will be used if in the event participants inadvertently disclose information.

As well, it is important to understand that, due to the small size of Frog Lake and that most people know each and where they have worked or are working, the confidentiality and anonymity is not completely guaranteed.

Right to Withdraw: Your participation is voluntary, and you can answer only those questions that you are comfortable with. There is no guarantee that you will personally benefit from your involvement. The information that is shared will be held in strict confidence and discussed only with the supervisor where appropriate. You may withdraw from the research project for any reason, at any time, without penalty of any sort. If you choose not to participate or withdraw at any time, you will not lose any entitlements you currently receive, for example, assistance from the band, etc. If you withdraw from the research project at any time, any data that you have contributed will be destroyed at your request. If you choose to withdraw, the researcher will not use the information in the report.

Your right to withdraw data from the study will apply until the results are disseminated. After this it is possible that some form of research dissemination will have already occurred and it may not be possible to withdraw your data.

Questions: If you have any questions concerning the research project, please feel free to ask at any point; you are also free to contact the researchers at the numbers provided if you have other questions. This research project has been approved on ethical grounds by the University of Saskatchewan Behavioural Research Ethics Board on (insert date). Any questions regarding

your rights as a participant may be addressed to that committee through the Ethics Office (966-2084). Out of town participants may call collect.

Follow-Up or Debriefing: Once the final draft is completed, I will send a copy to all participants at their mailing addresses. As well, the participants are welcome to contact the researcher if they have forgotten important information in the interview. I will welcome these calls and may use the information as part of the data, if appropriate.

Consent to Participate:

(a) Written Consent

I have read and understood the description provided; I have had an opportunity to ask questions and my/our questions have been answered. I consent to participate in the research project, understanding that I may withdraw my consent at any time. A copy of this Consent Form has been given to me for my records.

or

(b) Oral Consent

If on the other hand the consent has been obtained orally, the Consent Form must be dated, and signed by the researcher(s) indicating that “I read and explained this Consent Form to the participant before receiving the participant’s consent, and the participant had knowledge of its contents and appeared to understand it.”

(Name of Participant)

(Date)

(Signature of Participant)

(Signature of Researcher)

APPENDIX B: RESEARCH AGREEMENT**PROJECT TITLE: Frog Lake First Nation and Economic Development: A Case Study****Researcher's Responsibilities**

As part of the agreement, I, as the researcher, will:

1. Conduct respectful and ethical research.
2. Adhere to community protocol, traditions and customs.
3. If required, prepare an in-person presentation at a FLFN Chief and Council meeting regarding the objectives, data collection procedures, implications, and the dissemination of results of the study.
4. Provide a transcript copy of interview to the interviewees who will have the opportunity to review the transcriptions and make necessary additions, deletions, or changes to the transcriptions. Each collaborator will have the right to waive his or her anonymity via the **Waiver of Anonymity** form. As well, any confidential information will be protected. At any time, the interviewees could elect to withdraw from the project; all information gathered from interviewees who choose to withdraw will be destroyed.
5. Incorporate the findings of the study into the M.A. thesis, which will be submitted as partial fulfilment for my M.A. degree at the department of Native Studies, University of Saskatchewan.
6. Present a draft copy of my thesis to the Band to review.
7. Invite community representatives to attend my thesis defense.
8. Upon successful defense of the thesis, provide the community with:
 - a. a copy of the thesis,
 - b. an executive summary of the study, and
 - c. a community presentation on the findings of the research, if requested.

Participant's Responsibilities

As part of the agreement, Frog Lake First Nation, as the participant, will:

1. Grant me permission to conduct the research on FLFN and its company, Frog Lake Energy and Resources Corporation (FLERC).

2. Select any person (or persons) believed to be appropriate to review a draft copy of the thesis. The review will allow for community input into the thesis. The reviewer(s) will:
 - a. identify any incorrect factual information. Any corrections will be changed to reflect correct factual information.
 - b. point out disagreements with any interpretation of the data and provide alternate interpretations. If the alternative interpretation corresponds with the data, I will change my interpretation and explain why I have changed the interpretations. However, if the alternative interpretation is not substantiated by the data, I will not change my interpretation. Nonetheless, I will include the alternative interpretation in the final draft; thereby ensuring the community perspective is included in the thesis.
3. Be provided the opportunity to review any future publication related to FLFN.
4. If it deems necessary to make changes after a submission of the thesis to the College of Graduate Studies and Research, I will incorporate them in any future publications.
5. If it chooses, be provided the opportunity to review the thesis and/or any future publications. The Band is not required to review and/or provide input into the thesis if they choose not to. If the Band chooses not to review the document, a representative of the Band must sign a waiver to review the document.
6. Attendance the thesis defense will be greatly appreciated, but is voluntary.

Both FLFN and the researcher agree to the above.

Researcher:

Name: (Print) _____

Signature: _____

Date: _____

Representative of FLFN:

Name: (Print) _____

Position: _____

Signature: _____

Date: _____

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