

“We want doors opened, not slammed shut”

Aboriginal Economic Development Corporations and Public Policy

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## **Abstract**

Aboriginal Economic Development Corporations (AEDCs) have changed the approach to First Nations economic development. These agencies are set up and owned by Aboriginal governments to create economic opportunity for their communities. AEDCs enhance the economic and political capital in First Nation communities, acting as representatives for the people they serve, as Wilson and Alcantara (2012) have argued. The governance of these organizations has been a source for much debate with the Harvard Project on American Indian Economic Development calling for a separation of business and political institutions. This thesis will engage these ideas and explore the questions of how political and economic institutions interact in the context of First Nation economic development.

Research for this thesis has demonstrated that Aboriginal economic development in Canada is an inherently political process that requires political and business leaders in AEDCs to ensure the interests of their communities are represented in the public and private sectors. This argument will be demonstrated in the context of three components of the thesis: an exploratory analysis of AEDCs, outlining their general governance structures, impact on local economies, and opportunities for public policy; discussion of the policy environment surrounding AEDCs; and discussion of the governance of AEDCs and other relevant themes in the Aboriginal economic development literature. The concluding recommendations in the final chapter of the thesis suggest that national and sub-national governments create a greater enabling atmosphere for AEDCs, local governments implement mechanisms that produce good decisions, and governments across Canada work together to create stronger relations and opportunities.

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# Table of Contents

<b>Permission to Use</b> .....	i
<b>Abstract</b> .....	ii
<b>Acknowledgements</b> .....	iii
<b>Table of Contents</b> .....	iv
<b>Tables</b> .....	v
<b>Figures</b> .....	v
<b>Chapter 1: Introduction</b> .....	1
<b>Chapter 2: Data Collection and Case Study Analysis</b> .....	13
<b>Whitecap Dakota First Nation</b> .....	17
<b>Background</b> .....	17
<b>Structure and Development</b> .....	18
<b>Policy Discussion: New Ways of Governing</b> .....	22
<b>English River First Nation</b> .....	24
<b>Background</b> .....	24
<b>Structure and Development</b> .....	25
<b>Policy Discussion: A Public Policy Conundrum</b> .....	28
<b>Meadow Lake Tribal Council</b> .....	30
<b>Background</b> .....	30
<b>Structure and Development</b> .....	33
<b>Policy Discussion: A Case for Compliance and Partnerships</b> .....	35
<b>Summary</b> .....	37
<b>Chapter 3: AEDCs in Academic Literature</b> .....	40
<b>Chapter 4: Conclusions and Recommendations</b> .....	49
<b>Recommendations</b> .....	50
<b>List of Acronyms</b> .....	57
<b>Appendices</b> .....	58
<b>A 1: Letter of Exemption from Research Ethics</b> .....	58
<b>A 2: Interview Questions</b> .....	59
<b>A 3: Project Summary</b> .....	61
<b>Bibliography</b> .....	62
<b>Data Sources</b> .....	71

## Tables

<b>Table 1: Industries in WDFN</b> .....	17
<b>Table 2: Industries on English River First Nation</b> .....	25
<b>Table 3: Demographic Information of MLTC Communities</b> .....	30
<b>Table 4: Employment Characteristics of MLTC Communities</b> .....	31
<b>Table 5: Industries in MLTC Communities</b> .....	31
<b>Table 6: Income Characteristics of MLTC Communities</b> .....	32
<b>Table 7: Industry Presence of Aboriginal Entrepreneurs</b> .....	48

## Figures

<b>Figure 1: AEDC Structure</b> .....	6
<b>Figure 2: A Modern Model of AEDCs</b> .....	7
<b>Figure 3: Governance Structure of WDFN Development Corporation</b> .....	19
<b>Figure 4: Governance Structure of ERFN Des Nedhe Development Corporation</b> .....	26
<b>Figure 5: Governance Structure of MLTC RDI</b> .....	33

## Chapter 1: Introduction

In 1996, the Royal Commission on Aboriginal Peoples (RCAP) estimated that the social cost of the underdevelopment of Aboriginal peoples would grow from \$7.5 billion to \$11 billion by 2016 if effective policies were not implemented to address the issues facing Canada's Aboriginal populations. The RCAP also estimated that if the appropriate economic development and capacity building programs were implemented in Aboriginal communities, First Nations could, instead, make a significant financial contribution to the Canadian economy. According to Canada's Public Policy Forum (2014) these development programs need to be co-operative in nature, respecting the culture and institutions of Aboriginal people. Raybould (2006) and the TD Bank Financial Group (2009) state that the federal government spends more than \$8 billion on Aboriginal programming per year including \$600 million on economic development programs on reserves without significant results. It is unclear how much is granted to off-reserve Aboriginal activity as this would likely be channeled through additional programming. Camp et al (2005: 138) state that "many development programs in aboriginal communities have failed because they do not recognize the validity and effectiveness of existing social and organizational structures within the aboriginal community." The recent Truth and Reconciliation Commission's report (2015) reiterated many of the recommendations from the RCAP (1996) and other reports, calling for action on education, childcare, and greater investment and co-operation among Nations. While many of these challenges persist and often intensify, policy action from governments has not been effective.

Many scholars agree that the key to improving the poor socio-economic outcomes for Aboriginal Canadians is through economic development (Anderson 1999; Anderson 2001; Camp et al. 2005; Raybould 2006; TD Bank Financial Group 2009; Coates and Crowley 2013).<sup>1</sup> Business development within the context of Aboriginal culture and institutions can provide the means necessary to enhance quality of life and reduce the cost of underdevelopment (the financial burden of the social and economic challenges caused by poverty and poor quality of

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<sup>1</sup> There are some scholars who reject the notion that economic development is the correct path to eliminate underdevelopment, advocating instead for the removal of the institutions of colonialism is a path to empower Indigenous people, their culture, and economic structure (Alfred 1999). This is largely rooted in the notion that Aboriginal economic development, largely as we know it, is a product of colonialism with imposed hierarchies and expectations. Many First Nations have sought a path to self-government, created through economic self-determination and participation in a market economy. The unique nature of First Nation owned and operated corporations contributes to the plurality of Canada's economic system (Quarter et al. 2009).

life) for all Canadians (TD Bank Financial Group 2009). According to the Canadian Council for Aboriginal Business (2011; 2013), Aboriginal Economic Development Corporations (AEDCs) are a relatively new approach to achieving their goals. AEDCs are the “economic and business development arms of a First Nations, Metis, or Inuit government, and are a major economic driver for Aboriginal communities” (Canadian Council for Aboriginal Business 2013: 3). Coates and Crowley (2013: 15) note that “many (AEDCs) have received funds from modern treaties, legal settlements, and revenue from resource activity, and are already significant players in Indigenous economic development.” These organizations are relatively new, having emerged in the 1970s with the creation of the Makivik Corporation in James Bay, Quebec. Makivik was a product of the 1975 James Bay and Northern Quebec Agreement, which was the first modern treaty. Makivik’s structure was inspired by the corporate governance model used in the Native claims process in Alaska; this model is similar to the model presented in Figure 1 (Wilson and Alcantara 2012).

AEDCs are one of the main vehicles through which Aboriginal economic development can occur (Coates and Crowley 2013). Where they have been established, AEDCs have made considerable investments in their community, generating economic activity and combating underdevelopment. This has included expansion of health and social wellness centers, job creation programs, infrastructure development, and local service provision (e.g. daycare). However, knowledge about these organizations is limited and very few studies exist that detail their Canada-wide implications. Much of the academic literature on Aboriginal economic development discusses AEDCs in thematic contexts of entrepreneurship, governance, culture, and treaty rights (Anderson 2001; Camp et al. 2005; Curry et al. 2009; Wilson and Alcantara 2012). This thesis contributes to that discussion by focusing on the governance institutions of AEDCs and the impact of policy on communities.

The governance of Aboriginal Economic Development Corporations and their association with their communities has generated considerable research and extensive policy debate (see Jorgensen and Taylor 2000; Cornell 2002; 2005; 2008; Bourke 2005; Curry et al. 2009 for examples). Specifically, research conducted by the Harvard Project on American Indian Economic Development over the past 30 years calls for a separation of business (AEDCs) and politics (Chief and Council) among the governance institutions of Indigenous communities where entities are often collectively owned and operated, unlike non-aboriginal counterparts



(Camp et al. 2005). Using the core idea that “Institutions Matter” from the Harvard Project, this thesis asks what is the relationship between these institutions in the Canadian context and how do they impact Indigenous communities (Cornell 2005)? To answer these questions, this thesis will examine the work of three Saskatchewan-based AEDCs in the context of three key components:

1. An exploratory analysis of AEDCs, outlining their general governance structures, impact on Indigenous economies, and opportunities for public policy.
2. A discussion of the scholarly and professional literature on AEDCs.
3. An analysis of legislation and key policies that regulate Aboriginal economic development in Canada.

The thesis argues that Aboriginal economic development in Canada is an inherently political process. AEDCs ensure the interests of their communities are represented in the public and private sector. The work concludes with recommendations for policy initiatives that will improve the economic prospects of AEDCs in Canada.

This thesis contributes to the discussion of Aboriginal economic development in Canada, focusing on AEDCs. The introduction of this thesis provides an overview of AEDCs, their origins, roles in communities, governance structure, general size and scope, as well as a discussion of the Harvard Project, and the Indigenous affairs policy environment. Chapter 2 provides an overview of the methods used to collect data and presents three studies of AEDCs which exhibit superior political and economic capacity. Chapter 3 discusses select themes from the Aboriginal economic development literature, contextualizing the case studies within the research already conducted. Chapter 4 offers conclusions about AEDCs, policies, and relationships, and provides some policy recommendations for the federal and Aboriginal governments.

The research conducted for this thesis draws on community-based research methods that maintain a relationship with community participants, which has been an important objective throughout this research process (Marshall et al. 2014). As such, this project follows Tracy’s (2010: 840) “eight criteria for excellent qualitative research” in that this project fits with an emerging, relevant literature, relies on credible participants, engages in rigorous research, could have important insights and implications, has been conducted in an ethical manner, and remains sincere to the research topic.

## **The Harvard project on American Indian Economic Development**

The Harvard Project project is recognized as being highly influential among policy makers, gaining international recognition. One of the principle findings of the project, that is relevant to this thesis, focuses on the governance institutions of Aboriginal governments. Specifically, the Harvard Project calls for a separation of business and politics among Aboriginal governments that pursue their own economic development. Cornell (2008: 7) states that effective governance institutions require a “separation of powers” to limit the ability of politicians to disrupt private enterprise. This practice is common place in non-Aboriginal corporations or government, but is not consistent in Indigenous contexts (see Cornell 2005: 51-52 for examples of why this separation is relevant). Cornell (2002: 3) offers multiple justifications for this argument based on the research evidence the Harvard Project found throughout America:

- Separation of business and politics has led to increased profits.
- Conflicts can be highly politicized and removing politics from business has led to better employment outcomes.
- Separating politics from businesses creates stability, removing ideology and the turnover of leaders.

These findings can be attributed to the lack of business skills among politicians, concerns of re-election, and the potential for corruption (Cornell 2002). Cornell (2005: 58) explains that “because the nation owns the business, it is their responsibility to see that the business is correctly managed, which means they [Council] need to be directly involved.” While the Harvard Project has provided evidence against integration of political and business institutions, there are some situations when this is advantageous. Cornell (2005) states that presence of 1-2 councilors on an AEDC’s board of directors could ensure strong communication between institutions without undue influence.

This project has largely focused on larger Indigenous Nations in America (e.g. Navajo) and Australia, yet its influence has spread into Canada and elsewhere. The project is somewhat contentious and has created debates among Indigenous leaders on the application of its recommendations to Canadian First Nations (Bourke 2005; Simeone 2007). In many examples of AEDCs in Canada, including those presented in Chapter 2, business and politics has not been separated, with little negative impact on their outcomes. In these cases, maintaining strong

economic and business capacity has been an advantage in developing local policy, negotiating with public and private enterprise, and ensuring the needs of the community are met. Further, as Cornell (2005) states, many First Nations in Canada are small and lack the ability to effectively separate business leaders from politics. From a policy perspective, the federal government has offered little regulatory or financial incentive to separate these institutions as part of their measures to enforce accountability (Jones 2015).

### **Aboriginal Economic Development Corporations**

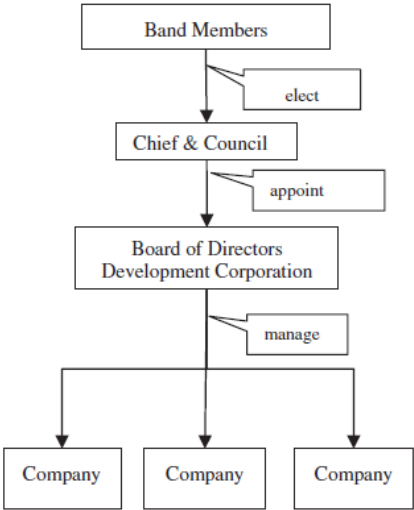
AEDCs are “set up and owned by Band governments on the reserves to serve the needs and goals of the local Band members and provide financial support for the community” (Curry et al. 2009: 8). For this reason, AEDCs differ across communities and use methods that reflect their unique circumstances, needs, and challenges. The investment portfolios, mandates, and capacity of development corporations are products of their geographic context, government oversight, and capacity of management (Camp et al. 2005). The existence of AEDCs affords Aboriginal governments “local and grassroots control” of their financial futures and participation in broader economies (Bebbington 1993: 281).

Anderson et al. (2004) and the Canadian Council for Aboriginal Business (2013) identify economic self-sufficiency as a critical step in achieving self-government for Aboriginal communities. In my interviews with officials from development corporations, there was a great emphasis placed on the profitability of the organization to ensure sustainability. However, many argue that AEDCs and Aboriginal economic development have a greater purpose and significance to the communities they serve (Anderson 1999; Anderson 2001; McBride and Gerow 2004; Hammond Ketilson and Brown 2009; Sharpe and LaPointe 2011; Wilson and Alcantara 2012). The underdevelopment on many Aboriginal reserves creates a significant need for investment in social programming, infrastructure spending, housing development, as well as job creation. While some of these goals are achieved through the regular operations of the development corporation, net revenue created by the AEDC can enable the First Nation, Metis or Inuit community to carry out its desired programming (Orr et al. 2011; Coates and Crowley 2013).

AEDCs are created for a variety of reasons, depending on the circumstances of the community, policy environment, and visions of leaders. In some cases, these organizations

develop as a result of a First Nation’s financial empowerment, likely through development negotiations and land claims settlements. This comes, in part, from impact benefit agreements that define compensation for the First Nation in exchange for the development of natural resources (Caine and Krogman 2010) In this capacity, the AEDC becomes the vehicle for investment of these funds and is responsible for extending the financial benefits into the future (Coates and Crowley 2013). In many cases, AEDCs are developed by a First Nation to initiate wealth creation through business attraction and expansion. Without considerable financial assets, AEDCs in this situation cannot make large scale investments or create significant opportunity at the local level (Canadian Council for Aboriginal Business 2011). As exemplified in the case studies presented in the next Chapter, AEDCs can be the product of partnerships between First Nations and private enterprise. In these situations, a development corporation functions on behalf of the First Nation.

**Figure 1: AEDC Structure**



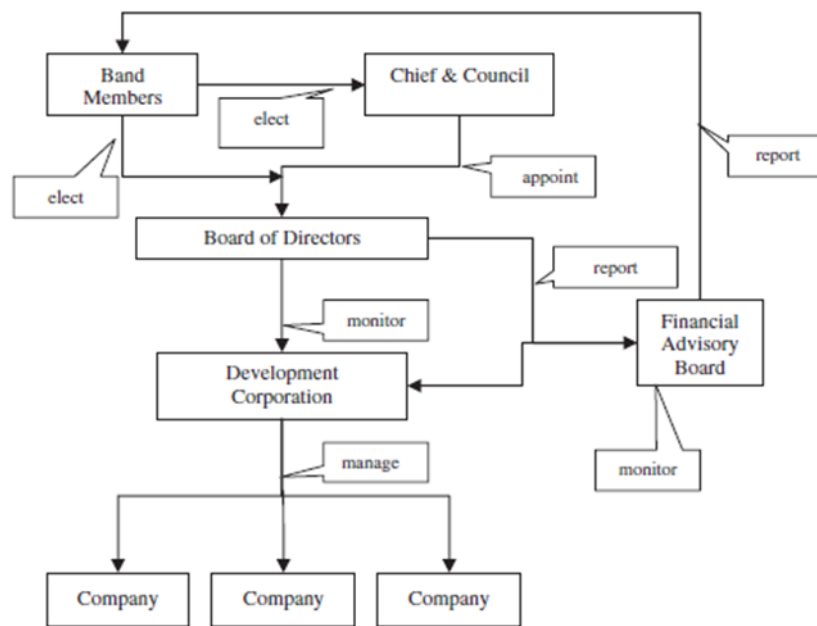
Source: Curry et al. 2009: 9

AEDCs operate within a corporate governance framework that sees the community as shareholders, a board of directors that is appointed by Chief and Council, and a management team appointed to oversee business development; Figure 1 provides a general overview of this structure. In practice, the separation of Chief and Council and the Board of Directors may not be as clear as Curry et al. present. This model is a simplification of existing structures, providing a general idea of the flows of responsibility and accountability. From the perspective of Cornell (2005) the appointment of the Board of Directors by Council is intended to separate business and

politics as these entities should not overlap. In practice, these governance structures are diverse and the lines of each actor become somewhat blurred. For each case study in the Data Collection and Analysis Chapter, a general visualization of these relationships will be provided.

In Figure 2, Curry et al. (2009) provide an overview of the governance structure in the Saik'uz Development Corporation in British Columbia, which is a mature, complex organization with well-defined policies and organizational capacity. They refer to this diagram as a more 'modern model' of AEDC governance, integrating monitoring and reporting mechanisms to ensure accountability and relationships between bodies.

**Figure 2: A Modern Model of AEDCs**



Source: Curry et al. 2009: 10

As depicted in figures 1 and 2, AEDCs function as an umbrella organization that manages individual firms on behalf of the Aboriginal government. The relationship these firms have with the elected government as well as the development corporation vary greatly. Individual firms may be wholly owned by the local government or development corporation, or enter into a partnership/joint ownership (McBride and Gerow 2004; Canadian Council for Aboriginal Business 2011). As discussed in the English River and Meadow Lake case studies, development corporations hold significant investment portfolios whereby a portion of many enterprises are owned to create returns on the investments. Other Indigenous governments, like

Whitecap First Nation, are moving more towards business attraction instead of resource development. This arrangement provides the First Nations with consistent revenue from taxation instead of fluctuating profits.

Today, there are an estimated 260 AEDCs across Canada with a significant number concentrated in Ontario and British Columbia, reflecting the distribution of Canadian First Nations. Approximately 72% of these organizations are more than 10 years old and 68% are considered small businesses (fewer than 100 employees). In 2011, 74% of surveyed AEDCs had stable or growing revenue from the previous fiscal year; 78% projected increased sales in the following fiscal year. This same survey indicated that 72% of AEDC employees were Aboriginal and nearly 40% of AEDCs are 'major' employers in their community (Canadian Council for Aboriginal Business 2011).

### **Key Legislation**

The policy environment and regulations governing Aboriginal economic development is highly complex, contentious, and crosses multiple government jurisdictions (federal, provincial/territorial, regional, local). Regular requirements placed on the private sector apply to the majority of AEDC operations, but AEDCs must also contend with regulation on issues such as accountability, land control, and commercial regulation due to their public affiliation with local governments. As a result, Indigenous leaders often require a set of skills that include knowledge in commerce as well as policy and politics to ensure the best outcomes for their communities. (Wilson and Alcantara 2012). This section outlines several policies that impact First Nation governments, AEDCs, and some of the cases discussed in this research project.

The 2011 Throne Speech promised Canadians further investment, with the economy being the primary issue. It continued to promise greater prosperity for Aboriginal peoples, addressing concerns including under participation in the workforce, missing and murdered Aboriginal women, preservation of traditional lands, and a partnership with the federal government (Government of Canada 2013). This notion of improving Aboriginal prosperity was echoed in the 2015 Throne Speech under a new government: "...it is both the right thing to do and a certain path to economic growth, the Government will undertake to renew, nation-to-nation, the relationship between Canada and Indigenous peoples, one based on recognition of rights, respect, co-operation and partnership" (Government of Canada 2015: 6). The commitment

of the federal government to enhance the well-being of Aboriginal peoples was promising and addressed many challenges across Canada. However, not all aspects of legislative authority that followed have pursued the co-operative, nation-to-nation nature encouraged by the RCAP (1996). This relationship is fundamental to ensuring that public policy will support the initiatives of Aboriginal peoples while preserving the institutions necessary for cultural continuity (Camp et al. 2005).

The federal government's introduction of the *First Nations Land Management Act* in 2006 was a significant step forward, giving First Nation governments the authority to create laws pertaining to their own lands, natural resources, and environment. First Nation governments can now develop and ratify land codes outlining the processes for property rights and ownership in their territory (Aboriginal Affairs and Northern Development Canada 2013). This was an important element for business attraction as it provides security for those investing in a community with the same rights as anywhere else in Canada. Further to land management, the federal government introduced the *First Nations Commercial and Industrial Development Act* to provide regulatory certainty for commercial developments. This Act gave First Nation governments the option to work with provincial and federal government agencies to outline key environmental, built, and social frameworks that would regulate the development and operation of new commercial projects on reserve (Aboriginal Affairs and Northern Development Canada 2013a). This is intended to provide investors with a clear outline of the regulations that apply to their project and to create an understanding that investments will be protected through regulation comparable to other jurisdictions in Canada. While following the Act is optional, some First Nation leaders saw it as a means for provincial governments to extend their authority into First Nation jurisdiction (Ball 2012). Further, this Act may undermine the authority of existing First Nation laws enacted by local governments in favour of provincial standards.

Building on the authority afforded by the Land Management Act, in 2006, the Federal government introduced the *First Nations Fiscal and Statistical Management Act* (later renamed the *First Nations Fiscal Management Act*), which strengthened the ability of First Nation governments to generate property tax revenue through the creation of several support institutions: The First Nations Tax Commission, the First Nations Financial Management Board, and the First Nations Finance Authority. These organizations were intended to strengthen tax systems, improve accountability for taxpayers, and provide First Nation governments with

greater borrowing abilities (Aboriginal Affairs and Northern Development Canada 2015a). To date, more than 160 First Nations have signed onto the Act to access the capital and institutions it created. Some regard the Act as putting First Nations governments on an “equal footing” with other local governments in Canada (Calla 2015).

This federal legislation provides the infrastructure to effectively separate business and political governance institutions in First Nation communities. The *First Nations Commercial and Industrial Development Act* and the *First Nations Fiscal Management Act* allow business to operate with appropriate regulations and allow local governments to generate revenue through taxation, similar to municipalities. Fiss (2003) argues that this would create an unnecessary layer of bureaucracy that further separates First Nations from the Canadian economy and, drawing on Camp et al. (2005), undermines existing structures on reserves. Existing, integrated institutions have demonstrated an effective ability to operate on behalf of the community in both private and public arenas (Gallagher 2012).

One of the more contentious pieces of legislation introduced by the federal government has been the *First Nations Financial Transparency Act, 2011*. Under this new law, currently under federal review by the Liberal government, First Nation governments must disclose all financial statements to the Department of Aboriginal Affairs and Northern Development, including compensation for chief and council (a concise list of salaries can be found in Taylor-Vaisey 2014), all funding from the federal government, and any other remuneration and expenses (Aboriginal Affairs and Northern Development Canada 2015b). All documents are then posted online for the general public to view. This seemed to be part of the government’s focus on accountability, ensuring all agencies receiving public funds were publicly examined. A possible catalyst for this legislation is the overpayment was the perceived overpayment of the Kwikwetlen First Nation Chief resulting from an \$800,000 “economic development bonus” (Wattie 2015). Publication of this information could serve as an incentive to separate political leaders from business operations, but there is no evidence that the Act had this effect.

Some First Nations governments have protested the *Transparency Act* and refused to submit the required documents (Mas 2014). However, the vast majority of First Nation governments (543/581) have complied with the Act (Wattie 2015). Several Aboriginal leaders, including the then-National Chief of the Assembly of First Nations Shawn Atleo, publicly opposed the legislation citing paternalism and inequitable expectations as serious concerns



(APTN 2011). This view is not universal as many agreed that financial transparency is necessary to combat corruption and overpayment of Chiefs, and elimination of the Act would limit the information access of band members (Wattie 2015). Some of the research participants interviewed for this project were concerned that providing such in depth information would disadvantage AEDCs in the competitive market as confidential information was now public. However, all individuals stated that the First Nation or AEDC complied with the legislation. A representative from English River stated that “there’s no problem with accountability but it assumes First Nations are not being accountable.”

There are a number of policies that affect elements of Aboriginal life beside those dealing with governance, taxation, commerce, and accountability. A number of changes to environmental policy (Bill C-45 in particular), a failure to address missing and murdered Aboriginal women, and dismissal of the Kelowna accord led to a protest intended to draw public awareness to Aboriginal rights and livelihoods. This protest, known as *Idle No More*, is the most powerful modern reaction from Aboriginal peoples to what they perceived to be disrespectful policies and poor intergovernmental relationships (Coates 2015a). This movement drew public attention to the realities faced by Aboriginals and the policy context in which they live.

A significant amount of the policy literature discussing Aboriginal peoples focuses on natural resource development and the role of treaty rights (Coates and Crowley 2013). The relationships between resource companies, Aboriginal peoples, and governments has been contentious and a new relationship has to be achieved. According to Coates (2015: 5), “If Canada is to capitalize fully on the opportunities for all – Aboriginal peoples, resource companies, governments, and all Canadians – we have to find ways to share the wealth.” This statement echoes the RCAP’s call for a co-operative relationship among governments in the formation of Aboriginal policies. To date, only incremental progress has been achieved (Gallagher 2012).

Aboriginal peoples have traditionally entered into negotiations with resource companies in an attempt to receive compensation for access to resources on traditional lands. This negotiation process has now been mandated following major court cases (*Haida Nation v. British Columbia (Minister of Forests)*, 2004 SCC 73 and *Taku River Tlingit First Nation v. British Columbia (Project Assessment Director)*, 2004 SCC 74) as governments and resource companies have a “Duty to Consult and Accommodate” the Aboriginal peoples on whose territory they wish

to operate (Aboriginal Affairs and Northern Development Canada 2011; Coates and Crowley 2013; Newman 2014). It is in this negotiation process that Gallagher (2012) and Wilson and Alcantara (2012) acknowledge the importance of the business and political capacity among the leadership of AEDCs as negotiators with the public and private sector.

Many have called for a more co-operative approach to dividing the wealth of resource development by implementing resource revenue agreements between provincial governments and Aboriginal people (Coates 2015). Some form of these agreements have been implemented in six of the provinces and territories, while six jurisdictions have no set policy and two provinces (Alberta and Saskatchewan) are opposed to revenue sharing (see Map 1, Coates 2015: 15). The aversion of resource rich provinces like Alberta and Saskatchewan to implement some type of revenue sharing agreement has limited the financial resources of First Nations in those provinces. Implementation of resource revenue agreements has the potential to radically alter the financial futures of Aboriginal communities, providing the empowerment needed to support grass roots development.

The policy environment surrounding Indigenous affairs is a product of Canada's federal system, whereby a combination of uniform national regulations and provincial patchwork controlled by ideologically-diverse governments creates a highly political process for Aboriginal economic development (Coates 2015). These policies shape the context in which AEDCs operate and, in some cases, limit their ability to achieve their mandates. In other cases, Aboriginal governments have used these new laws to control their land and generate stable income for their people. The ability of AEDC leaders to operate within this highly regulated, politicized business environment requires significant political capacity to ensure the best outcomes for their community. The case studies in chapter 2 outline how three AEDCs have enabled Saskatchewan-based First Nation communities to harness their own economic development within the context of these policies demonstrating significant business and policy-making capabilities.

## **Chapter 2: Data Collection and Case Study Analysis**

Given the relatively recent emergence of AEDCs in Canada, only a limited amount of academic and professional attention has been dedicated to their analysis within the fields of Aboriginal economic development (Anderson 2001). At present, there is no reliable or systematic data source that offers insight into the structure and operation of AEDCs across Canada. The CCAB conducted a survey of AEDCs in Ontario (2013) and across Canada (2011), yielding some insight into best practices, challenges, and relationships. These surveys were limited in their scope as they did not provide information on governance, revenue or accountability rather focusing on targeted markets, employment creation, and growth predictions. In the absence of a data source with information on AEDCs, most studies of AEDCs have relied on case study analysis through interviews, document analysis, and community-based research methodologies (see Anderson 1999; Anderson 2001; McBride 2004; Camp et al. 2005; Wilson and Alcantara 2012 for examples). The CCAB has demonstrated the ability to collect important information about AEDCs, but this work could be expanded to include more variables such as capital revenue, training data or technical challenges and possibly offer insights similar to those presented in Cornell (2002).

Research for this section involved key informant interviews and document analysis. My research was guided by the Tri-Council Policy on research involving Aboriginal peoples as well as the experience of my research committee which includes experts in the area of Aboriginal policy and development (Panel on Research Ethics 2009). Further, this project was exempt from formal university research ethics review under article 2.1 of the Tri-Council Policy Statement as human behavior is not the subject of the research and participants were asked to provide information solely in their professional capacities (see appendix 1).

The purpose of conducting key informant interviews is to gain an ‘insider’ perspective on an issue related to the respondent’s community or organization. In other words, those selected for interviews should be able to provide specialized insight into the research problem or area being studied (Fetterman 2008). Interviews with AEDC staff are core to understanding the operations, goals, policy environment, and impacts of corporations on Aboriginal development. Those AEDCs selected to study were relatively mature in the context of other AEDCs, to ensure that they were sufficiently evolved to provide insight into the dynamics within Aboriginal economic development processes and the changes of the policy environment.

Interview participants were selected in collaboration with members of the thesis committee and had to meet specific criteria. The AEDC had to be based in Saskatchewan due to the limited resources and timeline of the project, be relatively mature in order to provide insight into the development process of the organization, and, ideally, the organizations' structures would be different (i.e. variations on Figures 1 and 2). Participants were selected from each organization based on their involvement in the AEDC or community and their ability to provide insight into its operation and role of the AEDC. For each community, it was agreed that participation would be sought from the CEO/COO of the development corporation, the president of the board, another board member, the local Chief, the band administrator, and another council member. While there will be some overlap in these roles, the inclusion of multiple individuals in the interview process would provide different perspectives and ideas. This project also draws on literature that focuses on Canada-wide and international discussions of AEDCs and development policies in an effort to incorporate insights from multiple jurisdictions.

The committee agreed that interviews would be conducted with representatives from three communities/AEDCs. A member of the research committee made first contact with each potential participant to provide a general overview of the project and request participation. This was typically based on existing relationships between the community and committee members. If a community had a specific research protocol, they were provided with information needed to meet these requirements. Each of the three meetings were held separately to capture the distinct insights from each community. At the first meeting with the participants, I described the objectives of the project and explained the processes used to meet these goals. Participants were provided with the ethics exemption letter, the research questions (see appendix 2), and a project summary with contact information (see appendix 3). Participants were made aware that their participation was voluntary and they would remain anonymous in any publications resulting from this research. Following the interview, a short interview summary was prepared that outlined the key points of discussion from the interview and was sent to all participants. This gave participants an opportunity to elaborate on the discussion and/or request that certain information be omitted from future analysis.

Interview questions for this project were developed in consultation with my supervisor following a significant literature review. Many of the questions included in this research reflect

key themes discussed in the literature and were intended to inform four key areas of interest for this project:

1. The history and structure of the development corporation
2. Examples of success and adversity
3. Insights on organizational governance
4. Key insights on the local and national policy environment

All of the questions were open-ended and often led to broader discussion about the organization's operations (see appendix 2). Interviews were not recorded. Instead the investigators took detailed notes which were then condensed into an interview debrief.

The other component of information collection involved analyzing documents related to federal legislation, Aboriginal business plans, annual reports, technical reports, news items, and political commentaries. These documents were analyzed to extract their meaning and better understand the AEDC policy environment (Corbin and Strauss 2008). The data analysis was divided into two sections. First, most analysis took place during the literature review before any interviews took place. Second, analysis took place following the interviews based on material suggested by participants and included materials such as relevant books, reports, and data.

Many of the legislative documents, government reports, and financial documents are available on the Aboriginal Affairs and Northern Development Canada (2015) website. Access to technical documents and consultation reports was limited. Many of the annual reports and strategic planning documents were not publicly accessible and are available only to the First Nation membership. Where limited access occurred, participants were asked to describe the content of annual plans or research projects.

Each of the organizations selected to participate in this thesis are recognized as being successful in their field (areas of operation). Further, each AEDC has specialized in very different commercial activities demonstrating the capacity for success across industries. This financial success can be measured using the 'investment income' or 'own-source revenue' information in the financial statements provided to the Federal government under the *First Nations Financial Transparency Act*. AEDC success is also represented in the Aboriginal economic development literature as best practice examples (see Anderson 2001; Canadian Council for Aboriginal Business 2011; 2013 for examples). AEDCs identified as successful for this thesis were identified by committee members that are experts in Aboriginal economic

development. Many of the discussions presented in the case studies below involve these AEDCs discussing policy implications and recommendations. In most cases, these recommendations are based on their broader knowledge of Aboriginal economic development, not just their AEDCs situation.

Selection of mature, successful case studies was instrumental to this research to ensure the information obtained would be applicable to wider audiences. Each of the case studies have operated for more than 25 years, in a variety of industries across Saskatchewan. Understanding this history and how these organizations developed, what initiatives worked, what project failed, the challenges they encountered, and who was involved is essential to understanding AEDCs and creating useful knowledge. Further, successful cases were selected to ensure the development process that was followed by that AEDC worked and can offer insights for other organizations. Each of the AEDCs selected to participate in this research maintain similar governance structures that do not separate economic and political institutions. Observing the interaction of political and economic institutions in practice offered fundamental insights that could answer the research questions and contribute to the discussion on the Harvard Project. Unfortunately, the methods used in this research do not allow testing of any data that may indicate success or failure in relation to an organization's governance. Rather these case studies will further illustrate the political nature of Canadian Aboriginal economic development and the benefits or challenges associated with integrating economic and political institutions.

The following sections provide descriptions of the three case studies included in this research, integrating information from the interviews and, where appropriate, discussions of specific policies that directly affect the AEDC and community. Each section will contain an overview of the community's statistical data, the structure of the AEDC, a discussion about its development, and discussion of policy. This information is intended to provide examples and insights into business practices and policy development of organizations that have integrated political and economic governance institutions. This study does not demonstrate causation, rather demonstrates some of the benefits or lack of challenges associated this governance arrangement. Following these case studies, a summary section will draw relevant themes from the cases that contribute to the discussion of the Harvard Project and the structure of AEDCs.

**Whitecap Dakota First Nation**

The Whitecap Dakota First Nation (WDFN) is located approximately 30km outside of the City of Saskatoon on the Chief Whitecap Trail. Located on a 19.29 km<sup>2</sup> area, the community consists of 105 private homes, recreational area, and agricultural land. It is part of the Dakota First Nation, which also includes Lakota and Nakota people. WDFN settled in their region of Saskatchewan in 1860 after migrating north from Minnesota in search of greater agricultural opportunities (Whitecap 2015). The proximity to Saskatoon and, to a lesser extent, Regina has been instrumental to the continued development of the Nation and the partnerships they have created.

**Background**

According to Statistics Canada (2013) the population of WDFN in 2011 was 351 people, a 49.4% increase from 2006 when the population was 235. The median age is 22.2 years; 56% of the population is within the 15-64 year demographic, and 38.2% are under 15 years of age.<sup>2</sup> Local demographics are reflective of broader trends across Canada that Aboriginal communities are witnessing, with rapid growth among youth populations. These communities may be a significant contributor to the national workforce in the near future (Sharpe and Lapointe 2011; Coates and Crowley 2013; Public Policy Forum 2014).

**Table 1: Industries in WDFN**

Industry	Number of Workers
Construction	20
Retail Trade	15
Professional, scientific, and technical services	10
Educational Services	10
Health care and social assistance	10
Arts, entertainment and recreation	30
Public administration	25

In terms of labor force activity, WDFN maintains a 60.9%

Source: Statistics Canada 2013a

<sup>2</sup> Unless otherwise stated and cited, the data presented is sourced from Statistics Canada. As a result, most figures will be rounded and some information may be inaccurate. Further, the most recent data available is from 2011 and may not be the best representation of current trends.

participation rate<sup>3</sup> as 140 people are engaged in the labor force. This low participation rate may be attributed to the high number of individuals in the 15-20-year-old demographic. Among those in the labor force, only 10.7% are unemployed; 82% of workers had full time positions (see Table 1 for a breakdown of industries and employees). The average income for residents on WDFN in 2011 was \$27,811 and the average family income was \$62,009. The majority of these incomes (82.3%) are generated through market sources; 17.4% comes from government transfers such as pensions (Statistics Canada 2013a). Whitecap also employs approximately 500 people from Saskatoon. This is largely to meet local labour demands that are unmet by a small population, but also to ensure the right individuals are in place to produce the best outcomes (Kotzer 2014).

In 2011 the community consisted of 105 private homes and all of which had been built by the local band government and were owned by community members. The majority of homes on the reserve had been constructed in the last decade and were considered to be in good condition (Statistics Canada 2013a). According to Kotzer (2014), WDFN has further expanded their housing inventory to accommodate increasing demand. Many of those commuting from Saskatoon, largely non-Aboriginal people, to work on the reserve have indicated they would prefer to live closer and they will have access to newly developed housing.

### **Structure and Development**

In 1990, the Whitecap Development Corporation was incorporated with the purpose of creating wealth and opportunity for its single shareholder, the WDFN. To secure continued prosperity, the organization was mandated to make investments that would deliver profits into the future. However, upon incorporation the band had very little financial capital and initial investment funds were generated through local property tax revenue, federal transfers, and partnerships with public and private organizations. Partnership with the Saskatchewan Indian Gaming Authority led to the creation of the Dakota Dunes Casino on Whitecap's reserve. This was the largest Casino in the province and was the catalyst for further wealth creation on reserve. Furthermore, a portion of the Casino's revenue is allocated to the First Nations Trust,

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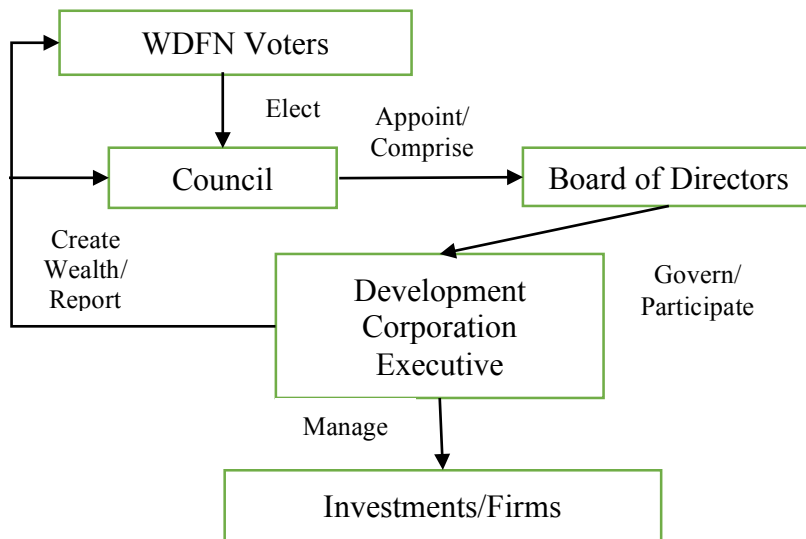
<sup>3</sup> The participation rate of a community refers to the number of working-aged people that are employed or seeking employment; these people are considered to be participating in the labor force. Further, unemployment refers to the number of people participating in the labor force that do not have jobs.



Community Development Corporations, and the provincial government to fund programs. The Development Corporation has strengthened the economic and political capacity of WDFN by collaborating with the private sector and government bringing business and services to the Nation. Today, there are more than 500 people employed directly or indirectly through Whitecap’s operations.

The Whitecap Development Corporation is operated by a management team on the WDFN reserve. This team is led by Chairman of the Board, Darcy Bear, who has also served as Chief of WDFN since 1991. The Board of Directors consists of the elected Chief and Council and two other members of the Nation. The organization’s Chief Executive Officer, Darrell Balkwill, has been with Whitecap for ten years and gained expertise in Aboriginal economic development through his education and having worked with various First Nation communities and institutions for more than 25 years. The governance structure for the Whitecap Development Corporation is illustrated below (Whitecap Development Corporation 2015).

**Figure 3: Governance Structure of WDFN Development Corporation**



A key feature of the Development Corporation’s board of directors is that it is composed entirely of members of the Nation, three of whom comprise the Chief and Council. This represents an integration of the political and economic bodies of the First Nation, providing elected officials with decision-making authority on issues of economic development and business. Further, interviewees stated that the board is very engaged in the day-to-day business of the corporation and function similarly to the executive. In the case of WDFN, not separating business and politics has not limited the ability of the Development Corporation to make

investments that generate significant returns for the Nation. The board members have considerable expertise, and drawing on the business capacity and skills of its leadership has led to significant wealth creation and recognition. The integration of select politicians in the Development Corporation's directors has led to decisions that are in the interest of long term sustainable economic development for WDFN, reflecting the social and economic values of that board (e.g. financial transparency and superior financial management, long term sustainable development, and increased well being for community members). It appears political influence has not been a factor in the Development Corporation's decision making, allowing good business decisions to generate social benefit and improved well-being. This does not indicate whether or not the corporation could have excelled if the board and management team consisted solely of business experts, free of political presence.

Whitecap's traditional model for investing in the community has been through local business creation and joint ventures. This has largely been achieved through the creation of limited partnerships and wholly owned companies under the umbrella of the Development Corporation. Whitecap has developed a private set of criteria that acts as a guideline for the Board when considering new proposals and partnerships to ensure objective decision-making. Partnerships have been formed with successful firms throughout Saskatchewan including BMO, Muskeg Lake Cree Nation, Peace Hills Trust, Saskatoon Tribal Council, Kitsaki Management Limited Partnership, Onion Lake Cree Nation, NCSG, Black Diamond, PTW Energy, Haztech, Allnorth, RBC, and Muskoday First Nation. Moving forward, Whitecap is working on joint partnerships and business attraction with major Saskatchewan-based mineral companies BHP and Cameco (Whitecap Development Corporation 2015a).

Whitecap Development Corporation has made investments in a variety of firms in Saskatchewan, including wholly-owned enterprise and limited partnerships with other organizations. These businesses include Dakota Dunes Casino, Whitecap Commercial Real Estate, Dakota Dunes Hotel, Dakota Technologies (a company that designs unmanned vehicles for commercial and military purposes), Whitecap/NCSG Crane and Heavy Haul, Dakota Dunes Golf Links, Whitecap Trail Gas Plus, and Tatanka Bison Ranch (Whitecap Development Corporation 2015b). Looking ahead, Whitecap is hoping to expand its agricultural companies to include more value-added activities, such as processing, and to increase their industrial services

which support the mineral and transportation sectors. This may include investing in new technological capital and expanding their industrial park with support from partner firms.

Whitecap representatives stated that the *First Nations Land Management Act* and their ability to create their own land code was instrumental to their success, allowing their organization to finally operate at the same speed as conventional business. This also ensures local input and control of projects that affected the community's traditional territory. Despite being in their commercial infancy, Whitecap has made significant strides in a short time in the services sector with the establishment of the largest casino in Saskatchewan in 2007, a world class golf course, and resort. Whitecap's strategic location, south of Saskatoon, has created easy access to a variety of services and a strong consumer base.

When asked if their organization engages in formal planning processes, interviewees stated that Whitecap does create regular 5-year plans that are subject to annual reviews. The organization recently introduced a 25-year long term capital plan that provides an overview of what will be needed to expand existing industries and attract new investment. These plans are created in consultation with the general membership as well as existing partners. Whitecap tried to host four meetings every year with the membership but always has more consultations due to new opportunities. Further, members are informed about the Nation's affairs through regular newsletters outlining community events and developments. This ensure that members of the nation are informed, leaders are accountable, and people have the opportunity to offer input on the activities of the corporation.

The investments made by the Whitecap Development Corporation have given the WDFN the financial capacity to provide considerable social programming that ensures the health and well-being of its membership. The Corporation's investments have also delivered substantial local benefits in terms of employment for members and Saskatoon. Participants stated that unemployment in WDFN had decreased to 4.1% in recent years, and the demand for labour continues to increase with the introduction of new job opportunities (Galloway 2013).<sup>4</sup> As a result, some residents of Saskatoon commute to the Nation, many of whom are interested in living on Whitecap territory. Board members stated that they are not averse to hiring non-Aboriginal workers as they want to ensure their businesses have the best people in place. Many

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<sup>4</sup> This statistic is not consistent with that presented by Statistics Canada, likely as a result of inadequate data or recent increases in employment.

of Whitecap's residents began working in entry-level positions, gained experience in an industry, and eventually moved into management positions. According to members of the Board, this attention to skill development has improved local human resource capacity, and created an effective workforce.

### **Policy Discussion: New Ways of Governing**

WDFN has shifted its strategy for business expansion to include more consistent revenue creation. Traditionally, the Nation led development on reserve through business creation or partnership development with other firms. Recently, the Nation has targeted business attraction over development, which was made possible under the *First Nations Land Management Act*. This involves establishment of new firms on reserve, without partnership or investment from Whitecap; the 99-year commercial lease agreements that were written into their land code appeals to firms seeking a long-term investment on the reserve. Further, under the *First Nations Fiscal Management Act*, Whitecap introduced a property tax with a competitive mill rate, creating a stable source of revenue for the Band. Taxation provides a reliable source of revenue that is not subject to the dynamics associated with market-based investment. One representative stated that while revenue from private investments will fluctuate each year, tax revenue remains consistent. All property assessments conducted on the reserve have been completed by the Saskatchewan Assessment Management Agency (SAMA).

Whitecap has demonstrated significant political and economic capacity when managing local regulations, particularly when negotiating with members of the public and private sector. This is best exemplified by the creation of the casino and resort which required significant negotiation with Saskatoon, the provincial government, SIGA, and private investors. Whitecap has also introduced development cost charges that require new enterprise to make an investment in the community by contributing to infrastructure expansion. Further, Whitecap is negotiating with the Government of Saskatchewan to ensure that laws passed by Whitecap are recognized in provincial court, ensuring enforcement. This would include compliance with their land code on issues such as commercial development and renting/leasing.

Elected officials can offer considerable insight into the implementation of the *First Nations Financial Transparency Act*. Chief Darcy Bear played an important role in the creation of the legislation as a supporter of financial accountability and a contributor to the Act. Bear was

a supporter of Bill C-575, a private member's bill introduced by Conservative Saskatchewan MP Kelly Block, which required First Nations to release the salaries of Chiefs and Councilors and the federal funding received by the band. The bill was dismissed in the 2011 spring election and the new government introduced the *First Nations Financial Transparency Act* again in November 2011 (Bell 2014). Bear made several amendments to the bill, highlighting concerns including the short reporting period, issues with disclosing reports to non-members of a First Nation, and the competitive disadvantage First Nations would face if non-Aboriginal businesses could access their financial reports. Some suggestions were incorporated into the final legislation, while many of the most pressing concerns were ignored (See Bell 2014 to view a copy of Chief Darcy Bear's letter to Kelly Block). For example, Chief Darcy Bear suggested limiting the availability of financial reports to government officials and reducing reporting requirements of own-source revenue. Bear's political and business expertise is a very useful resource, ensuring the interests of the community and corporation are well represented. Fortunately, Whitecap has a strong financial record and they have not been negatively affected by the disclosure of documents under the legislation.

Whitecap Development Corporation has maintained financial transparency since its inception, ensuring members are aware of the Band's financial situation. Over the past 25 years, Whitecap has maintained balanced books and eliminated the Band's debt. This was achieved through strong financial leadership which included the introduction of rent on band-owned properties (including housing), taxation, as well as business development/ investment (Galloway 2013).

When discussing how to improve Aboriginal economic development, interview participants made several suggestions. Several board members thought the federal government should increase the annual transfer payment dedicated for economic initiatives for First Nations, which is currently inadequate (\$38,000) for meaningful development.<sup>5</sup> Current funding does not cover the cost of human resources or financial capital for investments. While Whitecap does not necessarily require this transfer, interviewees recognized a need for additional funds among other Nations.

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<sup>5</sup> The federal transfer payments to First Nation communities are determined through negotiations between governments and are very different across each Nation. Select Aboriginal communities (none of the three in this thesis), limit the amount of funds received from the federal government and fund their own governments. Federal funding arrangements are publicly available under the *First Nations Financial Transparency Act*.

WDFN management stated that a major barrier for development in First Nation communities is inadequate infrastructure, something they are trying to expand. Ensuring First Nation communities receive the same levels of infrastructural investment as the rest of Canada would increase the types of economic development (e.g. transportation, internet-based enterprise, energy production, etc.) AEDCs could pursue. This would include the built infrastructure that connects the country's regions, but should also include the services that are necessary for a community to function, such as schools, healthcare, and childcare (Poelzer and Coates 2015). This could be achieved through direct government action and assurance that Aboriginal communities have equal access to funding programs offered through all government departments. Whitecap expressed an interest in collaborating with departments like Service Canada and Western Diversification as well as accessing the Building Canada fund to secure financial capital for local programming and infrastructure expansion.

## **English River First Nation**

The English River First Nation (ERFN) is located in Northern Saskatchewan along the Churchill River near the communities of Ile-a-la-Crosse and Buffalo Narrows. ERFN is comprised of two populated communities: La Plonge and Patuanak. The Nation is a signatory to Treaty 10, which was signed in 1906 when William Apeisis was Chief (English River First Nation 2014). Despite the remote location of the reserve, ERFN has capitalized on several opportunities resulting from their proximity to natural resource activity. The Nation's activities are not limited to the reserve as its development corporation and many ventures operate off-reserve.

### **Background**

According to Statistics Canada (2013c), the population living on the ERFN in 2011 was 597 people, a 10.2% decrease from the 2006 population of 665. The median age of the population is 31.5 years; 62.9% of the population falls into the 15-64-year-old demographic, and 25.4% are under the age of 15 (Statistics Canada 2013b). These figures are not representative of the number of band members that live in other parts of the province or beyond or the people that are impacted by ERFN's regular activities (e.g. employees or partners).

**Table 2: Industries on English River First Nation**

Industry	Workers
Agriculture, forestry, fishing and hunting	10
Mining, quarrying, and oil and gas extraction	35
Construction	15
Retail Trade	10
Educational services	20
Health care and social assistance	15
Public administration	55

Source: Statistics Canada 2013c

In terms of the labor force activity, ERFN's participation rate is 43.2% as 190 people are actively seeking employment in the community. Among those, 25% are unemployed and 78.9% hold full-time positions (see Table 2 for a breakdown of industries in the community and number of workers).

The average income for residents of ERFN in 2011 was \$23,354 and the average family income was \$50,751. 75.9% of these incomes were generated from market sources and 25.6% comes from government transfers such as pensions or child benefits (Statistics Canada 2013c). This labor data is not representative of ERFN's impact on broader labor trends as the development corporation is located off-reserve and operates across Saskatchewan. Many are employed as a result of the First Nation and the Development Corporation, but this is not captured in the Statistics Canada community profile.

The average income for residents of

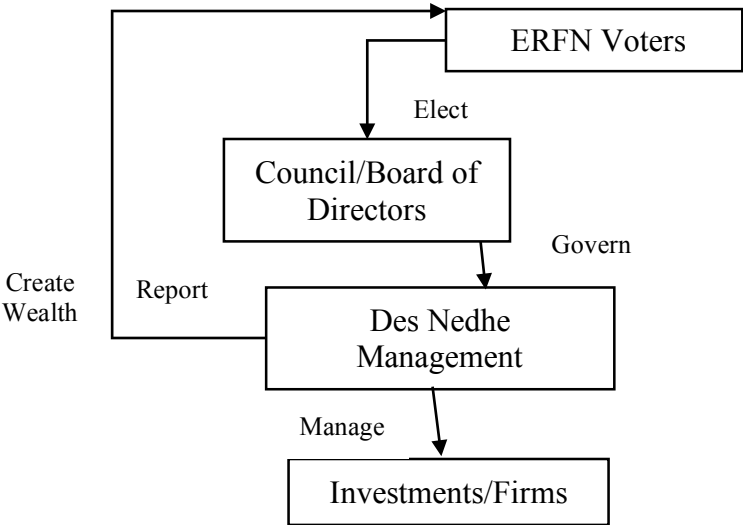
The Nation is located on a 110.7 km<sup>2</sup> area in the northern part of Saskatchewan, approximately 6 hours outside of Saskatoon (Statistics Canada 2013b). As of 2011, the majority of homes had been developed by the band, but only 8% are privately owned. Many houses are older and require significant upgrades or repairs (Statistics Canada 2013c). These properties do not include those owned by ERFN or the development corporation that are located off-reserve which will be discussed in the next section.

### **Structure and Development**

In 1991, the ERFN's council made the decision to make a greater foray into business development with the intent of improving the nation's well-being. This was led by councilor Alfred Dawatsare who wanted to alleviate the reliance of the nation on federal government transfers. This led to the creation of an AEDC, now known as Des Nedhe Development LP. Like other AEDCs, Des Nedhe manages a variety of firms as an umbrella agency with a diverse and growing investment portfolio (Des Nedhe Development 2015). The organization's executive management team is comprised of expert professionals with backgrounds in relevant industries,

law, and corporate services including Chief Operating Officer and President, Gary Merasty, former Member of Parliament and past Vice-President of Cameco (Des Nedhe Development 2015a). This team is led by Alfred Dawatsare who, in 2013, was appointed Chief Executive Officer of Des Nedhe. The catalyst for Des Nedhe’s development was a treaty land and entitlement settlement, as an outcome of negotiations with the mining firm Cameco, which gave ERFN the financial empowerment needed to advance economic development initiatives. The operation of the corporation is directed by a board comprised of ERFN’s chief and six councilors who are elected by the nation’s membership. This board not only provides direction but ensures Des Nedhe is accountable to the membership. This governance structure is illustrated below.

**Figure 4: Governance Structure of ERFN Des Nedhe Development Corporation**



Interviewees discussed the role of the board at length, outlining its composition and role within the operation of the corporation. One participant recognized that the AEDC did not separate business and politics, choosing to place elected officials in decision-making roles within a business. It was recognized that this does not adhere to a key recommendation of the Harvard Project, (Cornell 2002). A manager with Des Nedhe suggested a different issue with a political board of directors: low business capacity and lack of entrepreneurial expertise. The current board lacks the business capacity to challenge management on key issues. In the case of Des Nedhe, the management team is highly capable of making sound decisions. However, an expert board, composed of entrepreneurs and corporate managers, could compliment management’s expertise by promoting challenging goals and rigorous oversight. It was stated that Des Nedhe and ERFN



are working towards introducing new expert board members that can increase capacity of the board and work with management.

Des Nedhe is mandated to “...own and operate an integrated and profitable business portfolio that builds on the qualities and strengths of our team and the needs of our business partners and customers” (Des Nedhe Development 2015). The organization is engaged in a variety of industries located across Saskatchewan. Des Nedhe owns percentages of a variety of firms in various sectors including retail, property management, mining, energy production, communications, catering, and construction. In addition to its own operations, ERFN is a member of the Meadow Lake Tribal Council (MLTC) and receives returns from their holdings in that organization. Partner firms include, but are not limited to, Creative Fire Communications, Athabasca Catering, Mudjatic Thyssen Mining, Cameco, Tron Construction, and Minetec. ERFN Des Nedhe also uphold their own retail outlets (gas and convenience stores) and a property management area south of Saskatoon on English River’s reserve land designated for commercial purposes.

Des Nedhe has developed a filtering process for considering new partnerships and investments, in an attempt to eliminate bad proposals. When approached with a new partnership, management considers the capacity of the potential partners, the expected hurdle rate of that industry<sup>6</sup>, and a project’s alignment with existing expertise. Des Nedhe has developed a successful portfolio based around resource, service, and technology industries. New projects would ideally align with these industries to compliment existing investments. Plans include expanding the property management division of Des Nedhe in the Grasswood area by attracting a hotel, restaurants, and renting commercial office space.

While working with Cameco, Alfred Dawatsare was introduced to Tron Power, a mining and construction firm based in Saskatchewan. Both organizations are now major contributors to the operation of Des Nedhe. Tron has advanced multiple mining developments across Saskatchewan, generating wealth and employment. Further, Tron is a leader in corporate responsibility, investing in First Nations training and capacity building (Des Nedhe Development 2015b).

When asked if Des Nedhe engages in formal planning, participants expressed mixed views towards the planning process. While recognizing the value of formalized plans that shape

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<sup>6</sup> An industry’s hurdle rate refers to the average and/or minimum rate of return on an investment in a given sector.

the direction of an organization, the modern business environment does not respect fixed plans; firms need to be flexible and adaptable. As such, each division of Des Nedhe creates a general plan that is updated frequently to reflect market trends and industry characteristics. This maintains a general direction as determined by the board of directors but allows flexible decision making for management.

Des Nedhe employs approximately 200 people either directly through the development corporation or indirectly through their various ventures. Due to the nature of these industries, employment may seasonally decrease to 75 but remains relatively stable. Representatives stated that the organization is seeking stable opportunities that will ensure continued revenue and job creation. For example, Des Nedhe holds several transportation contracts with major mining companies that do not yield a high return but are a stable, long-term source of revenue. Des Nedhe is also accepting proposals from the service sector to expand the available outlets on their property management area in the Grasswood area south of Saskatoon.

### **Policy Discussion: A Public Policy Conundrum**

During an interview with representatives of the Des Nedhe Development Corporation, one participant summed up the policy challenges facing First Nations in Canada. He stated that many policies developed by provincial and federal governments seek to benefit/favor the majority of the population. He explained that this style of policy making would likely not benefit First Nations for three general reasons:

1. The majority of Canadians live in or around urban areas while most First Nations are located on rural and remote areas.
2. The Canadian population is aging with a significant number being past the age of retirement, while First Nations are experiencing a boom among their youth population.
3. First Nations face “jurisdictional chaos” in their development pursuits as they frequently encounter ambiguity from provincial and federal governments on appropriate regulations, especially when dealing with off reserve activities.

The participant stated that these characteristics create a “public policy conundrum” facing First Nations, indicating the difficulties Aboriginal people encounter in the policy space. The political expertise among First Nation’s leaders was instrumental in setting local policies to combat this conundrum and ensure effective participation in economic development processes.

It was stated that there is tremendous potential among First Nations to expand economic development on reserves and across Canada. This potential could be realized if the appropriate investments were made by the federal and provincial governments that could be made to improve capacity. Examples of such policies include skills training in relevant industries for Des Nedhe and infrastructure investments (e.g. roads, health centers, commercial land). One representative noted that regardless of the policy area, decisions needed to be co-operative and made after sufficient consultation with Aboriginal people.

When discussing accountability, participants with Des Nedhe were notably disappointed by the implementation of the *First Nations Financial Transparency Act*. Their perception was that the legislation operates on the basis that all First Nations across Canada were not being accountable and needed to comply with pre-determined standards. Participants explained that for ERFN and Des Nedhe, accountability has always been a priority since their creation. Des Nedhe, currently provides bi-annual reports to the membership but is working towards establishing a process to increase their level of reporting. One representative stated that they are moving towards monthly reporting for the board/chief and council and quarterly reports for the membership and employees. Management wants those with Des Nedhe to be aware of the progress they are making and be proud.

It was recognized that most First Nations businesses in Canada are younger than 30 years old and most are relatively small (see also Canadian Council for Aboriginal Business 2011; Canadian Council for Aboriginal Business 2013). Non-Aboriginal businesses in Canada have a “100-year head-start” on First Nations and developed alongside economic policies. New policies need to bridge the gap among Canadian businesses, ensuring First Nations can adequately compete in the globalized Canadian market. This could be achieved through a variety of measures including relevant industry training, improved access to financial programs, and encouraging beneficial partnerships with credible firms.

One representative stated that the success of the Saskatchewan economy was based around four “F’s” that contributed to the province’s success. The first F is food, reflecting the historical importance of agriculture in Saskatchewan. The second and third Fs are fuel (oil) and fertilizer (potash), which have become prominent industries in the Saskatchewan economy. The final F is First Nations, which already contribute significantly to the provincial economy. This

contribution could be expanded if the appropriate policies were implemented to ensure First Nations enterprises realize their full economic potential.

## Meadow Lake Tribal Council

The Meadow Lake Tribal Council (MLTC) started in 1981 to create the Meadow Lake District Chiefs Joint Venture and changed the name in 1996. It includes nine First Nations located in Northwest Saskatchewan: Birch Narrows Dene Nation, Buffalo River Dene Nation, Canoe Lake Cree Nation, Clearwater River Dene Nation, English River First Nation,<sup>7</sup> Flying Dust First Nation, Island Lake First Nation, Makwa Sahgaiehcan First Nation, and Waterhen Lake First Nation (Meadow Lake Tribal Council 2015).

### Background

Table 3 presents the demographic data of the MLTC communities.<sup>8</sup> Most communities have been growing at a relatively rapid rate, largely driven by high birth rates. This is reflected by the median age in each community and the large portion of the population under the age of 15. This data is largely consistent with the nation-wide trend of surging Aboriginal youth population (Sharpe and Lapointe 2011; Coates and Crowley 2013; Public Policy Forum 2014). These trends may have significant implications for the local labour force in the future. As previously mentioned, this data does not reflect community members that live off the reserve or those that work with the development corporation.

**Table 3: Demographic Information of MLTC Communities**

First Nation	Population (2006)	Percent change since 2001	Median Age (2006)	Percent of population 15+ (2006)
<b>Birch Narrows</b>	413	22.2% increase	19.6	64.6%
<b>Buffalo River</b>	741	22.1% increase	22.5	69.9%
<b>Canoe Lake</b>	902	10.4% increase	20.7	65.5%
<b>Clearwater</b>	673	13.3% increase	21.1	64.3%
<b>English River</b>	665	20% increase	25.8	70.5%

<sup>7</sup> The ten Saskatchewan Tribal Councils are based on geography and represent multiple Nations in their jurisdiction. Each Nation can pursue its own initiatives outside of the Tribal Council as exemplified by English River creating Des Nedhe despite the existence of MLTC RDI.

<sup>8</sup> Because MLTC is comprised of nine communities, data is highly disaggregated. As a result, most statistical data presented in this section is in table form to allow easy representation. Further, Statistics Canada for these communities is not available for the most recent census and reflects 2006 data.

<b>Flying Dust</b>	629	7.5% increase	21.7	65%
<b>Island Lake</b>	731	5.2% decrease	17	55.5%
<b>Makwa Shagiehcán</b>	800	4.8% increase	18.2	57.9%
<b>Waterhen Lake</b>	727	26% increase	19.9	60.1%
<b>Average</b>	698	13.46% increase	20.7	63.7%

Sources: Statistics Canada 2007; 2007a; 2007b; 2007c; 2007d; 2007e; 2007f; 2007g; 2007h

**Table 4: Employment Characteristics of MLTC Communities**

<b>First Nation</b>	<b>Participation Rate (2006)</b>	<b>Unemployment Rate (2006)</b>
<b>Birch Narrows</b>	20%	0%
<b>Buffalo River</b>	44.1%	33.3%
<b>Canoe Lake</b>	46.6%	25.9%
<b>Clearwater</b>	35.7%	43.3%
<b>English River<sup>9</sup></b>	38.5%	37.1%
<b>Flying Dust</b>	60%	27.1%
<b>Island Lake</b>	32.1%	38.5%
<b>Makwa Shagiehcán</b>	38%	11.4%
<b>Waterhen Lake</b>	48.8%	38.1%
<b>Average</b>	40.42%	28.3%

Sources: Statistics Canada 2007; 2007a; 2007b; 2007c; 2007d; 2007e; 2007f; 2007g; 2007h

There are relatively low participation rates in the labour force among the MLTC communities, which may reflect local industrial trends or lifestyle. Each community (except Birch Narrows) has a very high unemployment rate (see table 4 for the community data); by comparison, the provincial unemployment rate was 5.6% at that time (Statistics Canada 2007). The

breakdown of workers by industry in each community is provided in Table 5. Every community relies on the natural resource, construction, education, and service sectors for employment, but each of the nine communities have some unique characteristics. Based on the distribution of workers in each industry, it is clear that the region is relatively diversified across sectors.

**Table 5: Industries in MLTC Communities**

<b>Industry</b>	<b>Birch Narrows</b>	<b>Buffalo River</b>	<b>Canoe Lake</b>	<b>Clearwater</b>	<b>English River</b>	<b>Flying Dust</b>	<b>Island Lake</b>	<b>Makwa Shagiehcán</b>	<b>Waterhen</b>
Agriculture and other resource industries	10	15	25	10	30	20	15	10	40
Construction	10	20	20	10	15	20	0	25	15
Manufacturing	0	10	20	0	0	10	0	0	10
Wholesale Trade	0	0	0	0	0	0	10	0	0
Retail Trade	0	20	15	0	0	20	10	15	15

<sup>9</sup> Data for ERFN is presented in the previous section as well as this section as an MLTC community. Because 2007 data was used to ensure consistent data among MLTC communities, there will be some differences with the ERFN data presented in the previous section.

Finance and real estate	0	0	0	0	0	0	0	0	0
Healthcare and Social Services	0	25	35	20	15	25	15	25	10
Educational Services	15	25	35	20	20	10	10	20	30
Business Services	10	15	15	0	10	20	20	25	20
Other Service	15	50	65	20	50	95	30	55	50

Sources: Statistics Canada 2007; 2007a; 2007b; 2007c; 2007d; 2007e; 2007f; 2007g; 2007h

The average income of those in the nine communities is \$18,255, which is lower than the provincial average for Saskatchewan (Statistics Canada 2007). The majority of this income is derived from market sources (employment), but a substantial portion of income comes from government sources (e.g. pensions, employment insurance, social assistance, etc.). This data is not inclusive of wealth created by the development corporation off reserves.

**Table 6: Income Characteristics of MLTC Communities**

<b>First Nation</b>	<b>Individual Average Income (2006)</b>	<b>Percent of Income from Market Source</b>	<b>Percent of Income from Government</b>
<b>Birch Narrows</b>	\$15,903	55.7%	43.8%
<b>Buffalo River</b>	\$19,916	70.2%	29.2%
<b>Canoe Lake</b>	\$21,258	64.6%	32.4%
<b>Clearwater</b>	\$18,040	58%	39.8%
<b>English River</b>	\$24,113	70.7%	26.7%
<b>Flying Dust</b>	\$19,570	74.9%	23.9%
<b>Island Lake</b>	\$11,152	41.1%	56.9%
<b>Makwa Shagiehcan</b>	\$15,302	51.8%	45.7%
<b>Waterhen Lake</b>	\$19,040	66.1%	32.1%
<b>Average</b>	\$18,255	61.46%	36.72%

Sources: Statistics Canada 2007; 2007a; 2007b; 2007c; 2007d; 2007e; 2007f; 2007g; 2007h

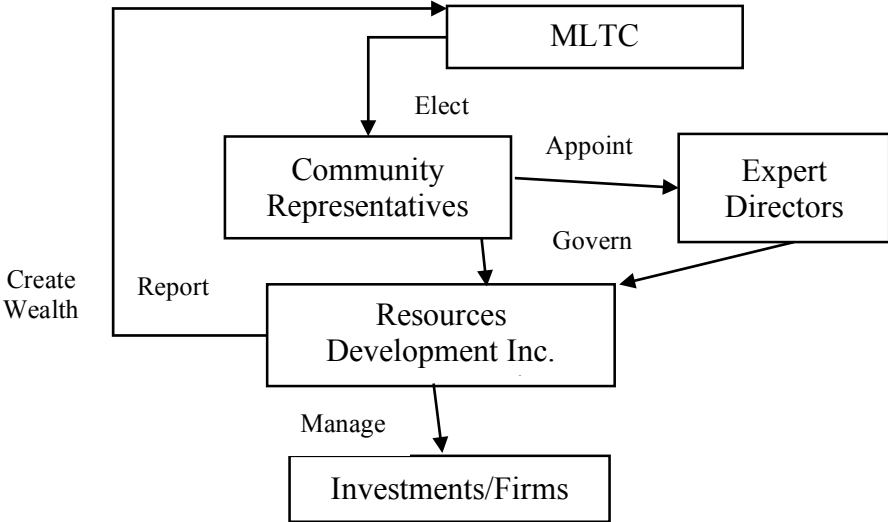
The MLTC communities are located on a nearly 400 km<sup>2</sup> area in the northwest part of Saskatchewan. The communities are near two larger centers, North Battleford and Lloydminster, and 300km northwest of Saskatoon. Communities are accessible by vehicle as well as the Meadow Lake regional airport near Flying Dust First Nation.

**Structure and Development**

The MLTC was created in 1981 when nine chiefs in the Meadow Lake region came together to form a regional governance structure. Each individual community maintains a local chief and council but also recognizes the governance role of the MLTC. MLTC functions as an advocate for the nine communities and provides leadership and direction in the areas of economic development and program delivery (Meadow Lake Tribal Council 2015). Each First Nation can pursue its own ventures and establish a local development corporation. Participation in the MLTC does not restrict community-level empowerment as is exemplified by the ERFN case and the creation of Des Nedhe.

Created in 2009, Resource Development Incorporated (RDI) is the agency that facilitates most economic development and wealth creation for the MLTC. Located in Saskatoon, RDI maintains an array of investments across Saskatchewan, many of which are in the Meadow Lake region. Its governance structure is presented in Figure 5 based on analysis of Curry et al. 2009 and interview information.

**Figure 5: Governance Structure of MLTC RDI**



This organization is accountable to its shareholders and the nine MLTC First Nation communities. It is governed by a board of directors, comprised of a chair (the MLTC Chief), community representatives (the Chief of each First Nation Community), and expert directors. The expert directors are not members of any First Nation and provide the board with expert advice on policy and business development free of political influence. The two expert directors have a wealth of experience in private and public sectors having held positions with Cameco,

Sasktel, Wascana Energy, the Saskatchewan Institute of Public Policy, and SaskEnergy (Resource Development Incorporated 2015). RDI functions as an umbrella agency for a variety of enterprises and business investments that create wealth for its shareholders.

The goals of the board are partially formulated by conducting a consultation process with the nine Meadow Lake shareholder communities. MLTC hires consultants to interview community members on what issues are important to them, what programs are needed, and the direction they would like band organizations to take. This process leads to the production of long-term plans that provide direction and set goals for MLTC RDI. These plans are updated regularly to ensure they are reflective of the current needs of each community and goals are attainable in the business and policy environment of the day.

A Vice-Chief from MLTC stated that RDI effectively separated politics from business, allowing decisions to be made without political pressure. However, the presence of elected officials on RDI's board of directors may create an opportunity for political influence on executives. Further, appointment of non-political, professional directors by community representatives may be questionable (Simeone 2007; Curry et al. 2009). Bourke (2005) states that appointment of directors by political leaders could lead to political pressure during the organization's operation as politicians attempt to fulfill obligations to constituents. Over time, a failure to respect the boundaries of an organization's leadership may result in deteriorating relationships.

RDI is engaged in a variety of industries that are located across Western Canada. In most cases, RDI or MLTC owns a percentage of each firm, maintaining partnerships with other First Nations or private companies. These investments involve multiple industries such as bio-resource production, transportation, agriculture, and hospitality. This includes holdings in Ceres MLTC Fertilizer (50%), West Wind Aviation (25.5%), Western First Nations Hospitality (21%), Lac La Ronge Wild Rice (21%), and Meadow Lake OSB (0.01%). RDI's 100% owned subsidiaries include NorSask Forest Products, MLTC Northern Trucking, and Polar Oils (Resource Development Incorporated 2013).

The catalyst for these developments began in the early 1970s when MLTC entered into a partnership with NorSask Forest Products; by 1998 they had acquired 100% of the firm. The provincial government awarded a forestry license to First Nations in the region, ensuring continued ability to exploit the resource (Bourke 2005). In addition to providing employment to



predominantly Aboriginal people in the Meadow Lake region, NorSask has led the forest products industry in Saskatchewan, incorporating technical innovations into their business practices and remaining dynamic in a competitive market. This has included acquiring the technology to use wood waste as fuel for their production facility, engineering custom products, and maintaining strong efficiencies. Financial success in the forestry sector allowed MLTC's foray into new industries with a broader investment portfolio. Diversified investments have ensured MLTC is not susceptible to industrial shock during recessions and maintains continued financial prosperity.

Each of MLTC's member communities are free to pursue economic development strategies in their own jurisdictions. Many communities oversee successful operations outside of MLTC and RDI through local development corporations or band-owned enterprise. MLTC communities operate in a variety of industries including construction, electrical services, oil and gas, forestry, transportation, tourism, agriculture, and retail services. RDI staff often lend their expertise to local development corporations to ensure the success of their shareholders' ventures. Membership with RDI is particularly beneficial to the MLTC communities as it allows access to the organization's vast network of service providers (Resource Development Incorporated 2015a). This re-investment in the community is a critical step to achieving economic self-sufficiency and determination of their future development.

### **Policy Discussion: A Case for Compliance and Partnerships**

Representatives stated that trust-based-relationships were essential to the economic success of RDI and the political and social success of MLTC. As such, these relationships needed to be nurtured and expanded where possible, stressing the role of compliance with federal law, and involvement with the private sector. MLTCs economic development escalated when they partnered with NORSASK, a forest products firm. This relationship has expanded over time and now MLTC RDI has partnered with more than 10 firms in Western Canada. Further, the need for government grants continues to grow as MLTC delivers high quality social programming and training for local workers. The Vice-Chief stated: "we want doors open, not slammed shut" referencing the need to work with federal and provincial governments instead of against them. Ensuring MLTC RDI complies with federal regulations, creates opportunities to partner with government agencies and access funding programs.

A representative from MLTC, mentioned that they always comply with existing laws and regulations to ensure they remain competitive when accessing government programming. The most recent case for this compliance involved the submission of all financial documents to the federal government as per the *First Nations Financial Transparency Act*. MLTC created a website where auditor reports for each member community are publicly shared in addition to the website maintained by the federal government for the same purpose. It was recognized that the Act does allow excessive access into a Band's financial and business affairs and, as a result, several First Nations governments have refused to submit their documents. Participants did not agree with those Nations withholding documents as it limits their relationship with the federal government.

Participants emphasized the governance of RDI and the composition of the board of directors in contributing to sound policy. One representative claimed that the board successfully separated the politics from the business of MLTC RDI through the appointment of two expert directors (Frank Proto and Rita Mirwald) who have considerable decision-making experience in the private sector and have served on multiple boards. The board is composed of two expert directors, the MLTC chief, and the nine chiefs of the MLTC communities. This does not demonstrate a separation of politics and business but has worked well in achieving the goals set by the shareholders (Cornell 2002).

A major challenge facing First Nations communities has been the ability to access sustainable energy at affordable rates. This has been especially challenging for northern and remote communities where infrastructure deficits exist (Weis and Cobb 2008). MLTC RDI, through NORSASK (one of Canada's largest lumber producers), has moved towards cleaner biofuel generation through the production of wood pellets. Waste wood generated through NORSASK's production of lumber is collected and processed into wood pellets which can be incinerated to create energy. The First Nations Power Authority was instrumental in NORSASK's power being sold into the Saskatchewan power grid; this ensured the interests of the First Nation communities were protected and a business relationship could develop.

According to the Vice-Chief, the greatest challenge facing MLTC RDI was an aversion to working with First Nations organizations by non-Aboriginals. He stated that there was often hesitation to work with them despite their history of success and the endorsement First Nations received from former Prime Minister Paul Martin. In some cases, non-Aboriginal partners were

provided some form of education on the Meadow Lake communities and capabilities of RDI. This strategy was used to demonstrate the capabilities of the organization and dismiss stereotypes or pre-conceived notions of Aboriginal people and business. While MLTC had managed to overcome this challenge, participants were concerned that other First Nations across Canada may not be able to form partnerships with the private sector. Camp et al. (2005) explain that this aversion may be a result of different cultural approaches to business development/ownership. First Nation's tend to be collectively-driven with most authority resting with Chief and Council, while non-Aboriginal businesses are usually individualist and separate from political figures.

When asked if there were any policies they would like implemented or changed at the federal level, participants did not take issue with any existing regulations. Participants did identify a significant role for the federal government in increasing investment in capacity building programs to improve socioeconomic outcomes. Greater skills at the local level would likely improve employment, wealth creation, and access to other opportunities. Based on their own experiences, participants recognized the need for local capacity to advance initiatives. MLTC complies with federal regulation to ensure a positive relationship is maintained and as a result ensures their access to government funding and capacity-building programs. Participants did state that increased collaboration among AEDCs and First Nation governments is an opportunity they would be interested in exploring.

## **Summary**

Each of the case studies demonstrate similar, yet slightly different governance structures regarding the institutions of their community. In all cases, the board of directors is closely connected to Chief and Council, often placing elected officials in board positions. Cornell (2005) urges Indigenous communities to guard against this, instead encouraging communities to limit Council's presence to one board member to act as a liaison. However, studies that place a greater focus on inclusion of Aboriginal culture in the economic development process, indicate a greater role for political actors. Anderson (2001) and Camp et al. (2005) acknowledge the collective ownership of enterprise associated with First Nation communities. This system of ownership often places authority with elected officials who make decisions for the community. Clearly, this counters individualist motivations inherent in non-Indigenous enterprise and may seem abstract

to non-Aboriginal individuals (Camp et al. 2005).

Curry et al. (2009: 5) offer insight on this topic stating that “when First Nations make their own decisions, they out-perform decision-makers from outside the community. They also concluded culture matters. First Nations culture is a resource which, if used effectively, can play a significant role in business success.” This respects the institutional differences of First Nations in Canada, but Curry et al. also recognizes the need to protect businesses from political influence arguing against businesses that are solely managed by Chief and Council. The model presented in Figure 1, demonstrates a suggested separation of politics and business, but, as demonstrated by the case studies, is not necessarily consistent across all AEDCs and communities. In many cases, boards contain multiple elected officials who have decision-making authority over economic development. This indicated a preference for an Indigenous approach over non-Indigenous standards; this preference is recognized by Camp et al (2005: 138) who state: “the failure of many aboriginal development efforts may be attributed to a clash in dominant vs. aboriginal cultures where organizational structures do not accommodate aboriginal knowledge and production systems.”

Curry et al. (2009) do suggest that ensuring the roles of political figures are well-defined and followed can allow co-existence of the political and the economic without significant obstacles. This point was demonstrated by the case studies in their discussions of local policy and the mechanisms they have in place to ensure good decision-making. For example, both WDFN and ERFN discussed their partnership frameworks used to objectively select new initiatives and partner firms. Further, in all case studies, elected officials ensure the AEDC has sufficient business capacity in management positions; both in terms of the development corporation and wholly-owned companies. Obtaining this capacity typically led to the hiring of individual with sufficient business experience and no political allegiances. Further, leaders in the case study examples, stressed the importance of including the voice of the community in development pursuits, ensuring local needs could be met. This typically consisted of public meetings, information gathering, or formal reporting mechanism; this also highlights an attempt to facilitate greater inclusion of a collectively-owned entity.

The three case studies presented above discuss successful examples of Indigenous leaders’ ability to harness opportunities and implementing initiatives that led to prosperity. However, this is not consistent among First Nations across Canada. There are many examples of

communities that face poverty and social challenges resulting from inadequate financial resources or access to the services they need (Anderson 2001). This may be a result of local governance structures, but could also be rooted in broader societal issues related to colonialism, racism, and remoteness (Cardinal 1999; Alfred 1999). In cases where economic development is being pursued, examination of governance institutions is highly relevant to determine their impact on economic outcomes and whether the appropriate local policies have been implemented to promote effective development.

Each of the case studies also demonstrated a desire and need for federal and provincial governments to create better conditions for Aboriginal economic development respecting culture and treaty rights. In many cases this required increasing access and allocated funding for capacity-building programs, infrastructure development, and capital expansion. The goal of these policy recommendations would be to enable First Nations to harness their own economic development in an environment where they can be competitive and access the same resources and markets as non-Aboriginal organizations. AEDCs can be instrumental in negotiating these policies with the public and private sectors (Wilson and Alcantara 2012).

## **Chapter 3: AEDCs in Academic Literature**

The literature on Aboriginal economic development includes writings on governance, economic development, accountability, culture, underdevelopment, social development, entrepreneurship, and treaties. AEDCs have attracted fairly limited attention in this literature given their relatively new emergence in the Canadian economy. This chapter expands on previous discussions from the case studies to create greater context in the Aboriginal affairs literature. The governance institutions of AEDCs are relevant to a variety of themes within this literature, ranging from intergovernmental relations to entrepreneurship. The themes discussed in this literature begin with exploration of the First Nations approach to economic development and the Harvard Project, key policies and the role of governments, and potential for AEDCs in Canada. Much of this literature compliments the recommendations highlighted by the case study communities and discussed in the final chapter.

### ***First Nations Economic Development***

Many scholars indicate that the characteristics of an Aboriginal approach to economic development is fundamentally different from the approach of non-Aboriginals (Anderson 1997; Anderson 1999; Anderson 2001; Anderson et al. 2004; Camp et al. 2005; Anderson et al 2006; Simeone 2007; Curry et al. 2009; Ketilson and Brown 2009; Loxley 2010; Callaghan and Christmas 2010; Ketilson 2014). These differences extend beyond debates around the acceptance of capitalist market economies into perceptions of community, development, and sovereignty. Anderson (2001) stated that the Aboriginal peoples' approach to economic development is rooted in a desire to be self-governing nations that improve the socioeconomic outcome for Aboriginal people while preserving traditional culture. It is widely agreed that the pathway to achieving these goals is through economic self-sufficiency and control of the local development process through the creation of profitable businesses (TD Bank Financial Group 2009; Callaghan and Christmas 2010; Wilson and Alcantara 2012; Coates and Crowley 2013; CCAB 2013). In all three of the case studies, discussed in Chapter 2, directors and managers, regardless of political affiliation, exhibited a commitment to investing in profitable businesses, generating wealth, and improving community well-being while ensuring their traditional lands and practices were preserved.

Due to the ownership of AEDCs by Aboriginal governments, there is some debate around whether AEDCs have social obligations in addition to their mandate to foster economic development. Quarter et al. (2009: 7) highlight the unique organizational make-up of AEDCs, incorporating characteristics of the public and private sectors as well as civil society. AEDCs are often mandated to generate profits, ensuring the long term sustainability of the organization and community through good business decisions. At the same time, Chief and council have an obligation to provide social services to their constituents by investing in the community. Therefore, the presence of political figures on AEDC boards may create conflict in the decisions made by the organization (e.g. where to invest resources, types of partnerships). Whether political leaders can adequately make decisions in a private enterprise with social objectives has been an issue for significant debate (Jorgensen and Taylor 2000; Bourke 2005; Cornell 2002; 2005; 2008).

Separating Aboriginal business from political leaders has been the dominant theme in the literature, influencing policy and research on governance. This is a key recommendation from the Harvard Project on American Indian Economic Development and is reiterated in multiple publications stemming from the project (Cornell 2002; 2005; 2008). Jorgensen and Taylor (2000: 4) provide an argument for this separation:

“Separating business and government is critical because many Indian businesses are government-owned (occasionally by law and frequently by design). This feature invites the conflation of two contradicting institutional virtues—good constituent service to voters and fiduciary duty to shareholders—and thereby creates tremendous risk to profitability as elected leaders are pressured to interfere in business on behalf of voters” Cornell (2002; 2005; 2008) offer additional findings that support the separation of business and politics based on research on American Native Nations; this includes implications for profitability, employment, and labour disputes. This thesis did not test whether this political interference was present in Saskatchewan AEDCs or if governance impacted business outcomes, but this is a possible avenue for future research. The literature does provide several examples when political or business decisions have resulted in backlash from community members. Camp et al. (2005) offer one such example, focusing on the Meadow Lake Tribal Council. In 1992, MLTC, partnered with Techfor Services Ltd. expanded its existing forestry operations without an appropriate consultation process with the membership which created tension with those who felt

this infringed on their traditional land uses. The issue was settled when those affected by the development were accommodated and a more consensus-based decision-making process was adopted (see Camp et al. 2005: 143-144 for the full case).

Bourke (2005) suggests that, regardless of the relationship between Chief and Council and an AEDC board/management, there will always be some form of political pressure. Whether through the presence of elected officials on a corporate board, political appointments of directors, or arguments between politicians and external management bodies, politics and business are intertwined. Based on the case studies in the previous chapter, placing elected officials in economic development capacities did not inhibit the success of the AEDC. This is largely a result of the strong leadership in all three cases and economic capacity of the organization. Both Whitecap Development Corporation and RDI maintain boards that are a hybrid of elected officials and experts/non-political figures. This structure allows elected officials to address concerns of the constituents while business experts seek to maximize benefit for shareholders. This type of corporate governance, blurs the boundaries between council and the board of directors discussed by Curry et al. (2009: 9-10; see also Figures 1 and 2) as it allows the integration of political and business capacities on a board. The success of this integrated corporate governance structure may be an indication of existing political and economic capital in Aboriginal communities and stresses the importance of education and experience among those in decision making roles (Anderson 2001: 42).

Camp et al. (2005: 136-137) found that cultural characteristics are a key factor in partnership decisions made by Aboriginal leaders. Many scholars believe that Aboriginal cultures are much more collectivist than non-Aboriginal individualist societies (Anderson 1997; Anderson 2001; Camp et al. 2005; Ketilson and Brown 2009). Typically, collectivist cultures place a greater emphasis on the predictability of behavior and interpersonal relationships in partnership decisions. From an individualist perspective, partnerships are much more likely to be based on perceptions of integrity (Camp 2002; Camp et al. 2003). Collectivist decision-making may not yield objectively good partnerships as there are many additional variables that need to be considered. Each of the Development Corporations included in this research indicated that partnership development and selection of initiatives are based on a defined framework. All participants stated that factors such as credible management, a good business plan, an industry average hurdle rate, and a commitment to sustainability are considered when pursuing options.



Development of such a framework could allow an AEDC to make objective decisions on development pursuits and minimize political pressures. Alternatively, trade-offs can be made to ensure cultural and social concerns are met when considering proposals. Implementation of such a process provides a tangible attempt to uphold good standards of decision-making and accountability. This type of organizational policy is a clear example of AEDCs maintaining transparency that seeks to maximize benefits for the community.

### ***Government Regulation***

Achieving successful economic development cannot be achieved by Aboriginal governments on their own. The political geography of Canada is one that requires a strong role for governments in creating equal opportunities for all citizens. While this role has not been consistently upheld, the federal government, nevertheless, has a duty to enable Aboriginal communities to pursue their own economic development initiatives and a constitutional obligation to uphold and support treaty agreements and land claims (Gallagher 2012; Poelzer and Coates 2015). Some of the legislation, regulations, and frameworks of the federal government are discussed in the following paragraphs.

The *Indian Act* had long been the mechanism for control of Aboriginal affairs by the Government of Canada. Having been brought into law in 1876, and based on even older legislative frameworks, the Act has lost some relevance in contemporary society, maintaining a glimpse into a past of paternalism. Perhaps, the greatest source of anger from Aboriginal communities was the federal government's authority over Indigenous identity and membership (Coates 2008; Flanagan 2008). The declining relevance of the *Indian Act* began in the 1960s as a result of opposition from Aboriginal leaders and the public denunciation of the legislation by multiple scholars calling the legislation unjust (Cardinal 1999; Cairns 2000). Following successive attempts at creating new overarching legislation to govern Aboriginal affairs, governments continued to implement a patchwork of legislation that was largely inconsistent with First Nation needs. While Aboriginal-Canadian relations may not be the model it ought to be, there is a new, more equitable process for developing policy that is best defined by Coates (2008: 32):

“Under the terms of modern treaties, self-government agreements and other accords, the basic model of Aboriginal governance has changed in Canada. The old way, symbolized

by the Indian Act, is on its way out. The new way – demonstrated in the council for Yukon First Nations and Nisga'a settlements and by agreements in principle in British Columbia – has taken over. Political and administrative life in Indigenous communities will certainly never be the same again.”

New mechanisms of governance have emerged in Canada, and the process to achieve more equitable governance can be accelerated if the correct policies are developed. For example, the *First Nations Governance Act, 2002* was created to regulate items such as elections, accountability processes, and include First Nation communities under the Canadian Human Rights Act. This was intended to reduce any secrecy or corruption and act as a crucial step towards self-government (Thompson 2002). While the legislation received some praise from Indigenous activists, it was heavily criticized by multiple Chiefs, and the Assembly of First Nations due to the lack of consultation in the drafting process (Swan 2002). AEDCs may provide the political and economic capacity necessary to ensure their communities interests are represented in agreements with corporations and in government's policy agenda.

In 1996, the RCAP (1996: 273) stated that sufficient financing for self-government would not likely come from transfers from provincial or federal governments alone, but would include grassroots “own-source revenues.” The Commission referred to revenue sources such as taxation, investment, and royalties as the primary channels for funding Aboriginal governments. Today, “own-source revenues” constitute a significant amount of wealth for First Nations Communities, drawing on local business activity and strong fiscal management (Raybould 2006). The case studies demonstrate several avenues taken to generate local funding that is used to administer programming and carry out regulatory functions. Whitecap, in particular, has embodied a well functioning structure of local government that enables long-term sustainability through financial regulation as well as return on investments. The reliance on federal transfers has declined as Aboriginal communities experience a grassroots empowerment and movement towards self-determination (RCAP 1996; McBride 2001; McBride and Gerow 2004; Gallagher 2012).

As discussed in Gallagher (2012), First Nations governments have successfully challenged in court the policies and practices that infringe on their rights and authority. This displays the political capacity of Aboriginal governments and legal empowerment afforded to them in a modern policy context. The emergence of AEDCs in the 1970s and increasingly in

recent years has contributed to the capacity building that has taken place among First Nations. They have successfully negotiated land claim agreements and allowed Aboriginal groups to make strides towards becoming the masters of their own economic development utilizing natural resource wealth and establishing successful enterprise (Wilson and Alcantara 2012: 781-782; Coates and Crowley 2013: 9-11).

Wilson and Alcantara (2012), through their analysis of the James Bay Cree recognized the vital role of AEDCs as providers of important programming, economic development, and generator of financial capital. Further, through Aboriginal corporate governance, groups maintain a “de facto form of self-government” until a formalized arrangement is adopted (Wilson and Alcantara 2012: 783). In each of the three cases, a corporate governance structure has allowed Aboriginal governments and communities to gain some control of their economic development and the programs they administer. In the absence of a formalized self-government agreement the AEDC strengthens the capacity of the nation and enhances legitimacy of the local government.

There is considerable pressure placed on Aboriginal communities to uphold superior standards of accountability and transparency. According to Jones (2015), First Nations communities submit an average of 160 financial reports to the federal government each year. The introduction of the *First Nations Financial Transparency Act* in 2014, gave the federal government the ability to eliminate transfer payments to any Nation that does not comply with required reporting. This led to significant legal conflicts between the federal government and non-compliant First Nations (Mas 2014). Bell (2014) acknowledges that the Act was introduced to ensure Aboriginal governments are being financially responsible, conveying to their memberships the activities and remuneration of their elected officials. Jones (2015) notes that the issue with the Act was not the need for financial accountability but a lack of consultation with Aboriginal governments before the legislation was drafted and implemented. In a letter penned by Chief Darcy Bear, who was consulted during the drafting of legislation, it was made clear that the Act required more reporting than was perceived to be necessary. Further, Bear was concerned that making financial documents public would allow unfair insight into local business practices impacting competition with non-Aboriginal firms (see Bell 2014 for a copy of the letter). It remains unclear why First Nations must make these documents available to all Canadians, as

opposed to just their membership and the federal government, or why non-public transfers (own-source revenue) must be disclosed.

The implementation of the *First Nation Financial Transparency Act* is an example of what several sources claim to be an aversion to co-operative policy making (Bell 2014). Following the RCAP (1996), it became clear that Canada's First Nations wanted a greater role in developing policies that would impact their traditional territory and cultural ways of life. This Act, as well as many other policies regulating Indigenous affairs, have not respected Aboriginal self-determination or self-government (Anderson 2001; Camp et al. 2005; Curry et al. 2009). This may have been avoided if appropriate consultation processes had been followed, incorporating Aboriginal knowledge into policy development, but as illustrated in Ball (2014) First Nation concerns are not consistently incorporated into new legislation.

For Aboriginal communities a key area requiring government investment is infrastructure. The nation-building policies that attempted to unite the east, west, and, to a lesser extent, the north created considerable opportunity through government spending and infrastructure investment (Tomblin 1995; Brooks 2011). Tomblin (1995) best describes the impact these policies had on uniting Canada as a federation; most notable successes included the railroad construction in the 19<sup>th</sup> century and modernization investments in the 1960s. These policies had little impact on First Nations communities, either through inadequate policy design or a result of First Nations' remote geographic locations. Approximately half of AEDCs in Canada are considered 'northern' and approximately 20% are considered 'remote' (Canadian Council for Aboriginal Business 2011: 21). Infrastructure gaps are common in Canada's northern communities across all services including roads/highways, utilities, and fuel (Weis and Cobb 2008; Canadian Council for Aboriginal Business 2013). Interviewees from the Whitecap Development Corporation and Des Nedhe expressed significant interest in seeing further expansion to Canada's infrastructure as a means of creating the capacity for development. This included the built infrastructure (e.g. roads) but also community infrastructure (e.g. daycare).

The case studies demonstrate a desire for further investment in capacity building programs that target education and skill development. Aboriginal communities are allocated funding for educational purposes but many reports indicate poor educational attainment on reserves, limiting the skills of the workforce (Sharpe and Lapointe 2011). While there have been attempts at increasing the funding and quality of education for First Nation communities, no

formal legislation has been introduced in recent years (Indigenous and Northern Affairs 2015). The federal government attempted to increase funding and oversight with new education legislation, but failed to gain support from the Assembly of First Nations (AFN). The failure of the *First Nations Control of First Nations Education Act* to gain support from the AFN demonstrates the need for improved negotiation and consultation (Roman 2014). Future attempts to improve educational programming on reserves will require consultation with First Nation communities to ensure local needs are met and Aboriginal people are equipped with the skills necessary for employment.

The 2015 federal election resulted in a new government that promised to enhance the relationship between Canada and First Nations. This included a commitment to engage to nation-to-nation development that would enhance infrastructure among communities, and additional resources for capacity-building efforts such as on-reserve education (Government of Canada 2015). This may result in new inter-nation building initiatives that better enable the participation of First Nations in the Canadian economy and society. The presence of capable AEDCs is an important resource to ensure these investments can be capitalized upon to produce successful economic outcomes.

### ***Potential for Aboriginal Economic Development***

Where First Nations have both the appropriate skills and empowerment, Aboriginal entrepreneurs have flourished in their communities and across the world. Since the 1980s, the number of Aboriginal people starting businesses has greatly outpaced the rate among non-Aboriginal people. Between 2001 and 2006, there was an increase in self-employed Aboriginals of 38% to 37,445 individuals, which is five times greater than the Canadian increase of 7% at the same time. This growth is largely concentrated in Ontario and British Columbia (Canadian Council of Aboriginal Business 2011a: 2-3). This may be a result of the different starting points of each group and First Nations' opportunity to 'catch-up.' Table 7 indicates the level of Aboriginal entrepreneurship is consistent with Canadian entrepreneurs across most industries with little difference in the distribution of firms. Some notable differences include fewer Aboriginal firms operating in professional, educational, or health services and more Aboriginal firms in the construction industry. This may be a result of the preferential access given to First

Nations businesses in resource agreements (Coates and Crowley 2013). An overview of the industrial activity of self-employed Aboriginal people is presented in table 7.

**Table 7: Industry Presence of Aboriginal Entrepreneurs**

<b>Industry</b>	<b>Percentage of Aboriginal Entrepreneurs</b>	<b>Percentage of Canadian Entrepreneurs</b>
Primary	13%	12%
Construction	18%	13%
Manufacturing, transportation, warehousing	10%	10%
Wholesale, retail trade	9%	11%
Professional, scientific and technical services, education, health and social	27%	36%
Arts, entertainment, accommodation, food and cultural	12%	9%
Other services	11%	9%

Source: Canadian Council of Aboriginal Business 2011: 12

Each of the companies and communities examined in the case studies expressed a willingness to partner with local entrepreneurs, invest in its membership, and strengthen local business capacity. The ability of AEDCs to harness the skills of its membership creates an environment that fosters entrepreneurship and growth.

With more than 260 AEDCs and approximately 600 First Nations in Canada, there are some similarities among local processes and institutions. There has been very little literature detailing the specific workings of AEDCs across Canada therefore small opportunity to learn from one another. As the literature focusing on these organizations grows there may be an opportunity for emulation-based convergence where developing actors learn from successful examples (Howlett 2000). Research institutions have an obligation to generate knowledge around the best practices and challenges encountered by AEDCs to provide other communities direction in their own pursuits. This research can build on the existing literature focusing on topics such as treaty empowerment, entrepreneurship, collective ownership, and good decision-making, but should engage emerging opportunities like the nation-building that may take place under the current government. Further, the relevance of the Harvard Project in Canada must be supported with data by testing the implications of governance institutions on AEDC outcomes similar to the studies presented by Cornell (2002; 2005; 2008).

## **Chapter 4: Conclusions and Recommendations**

This thesis seeks to make a contribution to the literature on Aboriginal economic development and policy. The focus on AEDCs has provided a platform to highlight the achievements and pursuits of three successful Indigenous organizations in Saskatchewan. Further, focus on the governance structures of these organizations contributes to a gap in our understanding of the impacts of organizational form on development outcomes. The case studies indicate that the Harvard Project's recommendation that business must be separated from politics may not be widely applicable in the Canadian context. Canadian Aboriginal economic development is a highly political process that often requires leaders with strong business and political capacity. A greater exploration of the impacts of governance institutions using the methods of the Harvard Project would clarify this debate among Canadian policy. This would compliment the understanding of how economic development ought to be conducted within First Nation communities alongside the regulatory environment.

Relatively little has been written about AEDCs, yet they have secured considerable wealth and investible assets for the Aboriginal Canadians they serve. The policies governing these organizations, and First Nation communities more broadly, do not create the ideal operating conditions as suggested by the literature and case studies. The empowerment of First Nations through AEDCs creates an opportunity for more co-operative policy making that advance a collective agenda that generates socioeconomic well-being.

Wilson and Alcantara (2012) argue that AEDCs take on the role of political and economic negotiators for the First Nations they represent. Their analysis focused on the 40-year experience of the James Bay Cree. Other case studies of AEDCs (see Anderson 2001; Canadian Council of Aboriginal Business 2011; 2013 for example), as well as those presented in this thesis, further demonstrate importance of these organizations. Their unique organizational form allows the integration of political and economic interests into decision making and policy implementation. While several scholars caution against this integration (see Jorgensen and Taylor 2000; Simeone 2007), it is clear that, in the case studies, First Nation leaders contribute to the political and business capacity of AEDCs. Pursuing social objectives parallel to economic goals ensures maximized impacts and well-being in the community. The ability to harness control of their economic development policies is a critical step towards achieving political empowerment and self-government.

Many of the reports calling for action on eliminating underdevelopment on reserves outline a variety of policy actions for the federal government through programming for Aboriginal/Indigenous affairs (see Anderson 2001; TD Bank Financial Group 2009; Curry et al. 2009; Coates and Crowley 2013 for examples). A common theme throughout this literature is the need for co-operative decision making that includes Aboriginal perspectives through appropriate and meaningful consultation. Each of the case studies cited a number of policies, investments, or practices they would encourage governments and the corporate sector to adopt. Further, the literature and interviewees indicate multiple practices that enhance the performance of First Nations' businesses; these recommendations are presented in the following section.

## **Recommendations**

There is significant opportunity for AEDCs to carry out local economic policies that improve socioeconomic outcomes for First Nation communities, and also to contribute to the broader Canadian economy. Further, the attainment of Aboriginal self-government is a substantial goal that will require significant investment, planning, and co-operation among all levels of government and major actors in Canada. However, if the appropriate measures are taken, Aboriginal empowerment can be realized, and Canada's fourth world eradicated.<sup>10</sup> The following recommendations are intended for consideration by local policy-makers in First Nations communities, national, and sub-national governments.

### *Implement an assessment framework for partnership development*

Maintaining meaningful partnerships with governments and the private sector is a key component to AEDC success. Each of the case studies assert that establishing a mechanism containing criteria and assessment framework to filter proposals and potential partnerships ensures decisions remain objective and free of political influence. Some of these criteria include the organization's hurdle rate, experience of management, and alignment with current investments. New AEDCs could consult successful AEDCs to gain insight into such mechanisms in order to provide oversight on partnership development, maintain an accountable process, and identify their best options, fostering policy learning across Nations.

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<sup>10</sup> The Fourth World refers to a region or Nation, within a prosperous country, that is characterized by poor socioeconomic conditions (TD Bank Financial Group 2009).



### *Increased capacity within AEDCs*

The Harvard Project, and several other scholars, stress the importance of separating business and politics on an AEDCs board of directors (Jorgensen and Taylor 2000; Bourke 2005; Cornell 2002; 2008). This highlights the importance of independent governance institutions in First Nations communities. This perspective is based on the idea that boards can make better business decisions when they are free of the political pressures brought to the table by elected officials. Bourke (2005), however, states that Aboriginal economic development in Canada is an inherently political process due to the significant regulation on Indigenous affairs and the need for negotiations with governments or private enterprises (Anderson 2001). There is an opportunity for future academic research on the impact of integrated governance institution on economic outcomes in Canada. The findings of the Harvard Project largely focused on America and Australia; applying their methodologies to Canadian examples would provide interesting insights into the role of governance in economic development.

In each of the AEDCs discussed, elected officials serve on the board of directors. MLTC integrates the elected Chiefs of each member community and two expert directors with significant experience in the private/public sectors. A similar model was adopted by Whitecap as two community members join the Chief and Council on its board of directors. Ensuring that a board or management team maintains the capacity to make strong business decisions and provides challenges for management is critical to the success of AEDCs. In each of the case studies discussed in this thesis, leaders demonstrated considerable political and business skills. However, all interviewees stated that managers or CEOs were appointed based on their credentials and corporate experiences, ensuring business capacity is present. Ensuring the presence of experts with relevant experience in desired industries on boards and management teams is a positive practice that ensures adequate oversight and knowledgeable decision-making.

### *Increased access to capacity-building programs*

Sharpe and Lapointe (2011) demonstrate that the educational attainments on reserves is much lower than for other Canadian communities. This is largely a product of financial barriers to post-secondary resources, proximity to educational institutions, inadequate programs, social challenges, and barriers facing youth. With a rapidly growing young population, First Nations

have a growing requirement for educational resources to ensure the workforce is adequately prepared to participate in the current and future labour market. This will require investment across multiple levels of education including early childcare, elementary, intermediate, and secondary school, as well as post-secondary (Poelzer and Coates 2015).

Each of the case studies stated that a key need moving forward was increasing human resources and professional capacity. Each of the participants indicated a desire to see his/her community members succeed in all facets of life, which often involved gaining the training and experience necessary to pursue broader opportunities on and off reserve. Further, directors expressed an interest in providing training and mentoring to their membership to afford them the opportunity to become managers. A good practice used by AEDCs is to acquire the required human resource capacity necessary, regardless of community membership, to pursue key initiatives. When the appropriate structures are in place, AEDCs can provide valuable training for their membership offering the opportunity to participate in a variety of industries with partner organizations (Canadian Council for Aboriginal Business 2011; 2013).

Obtaining the funding for capacity-building initiatives can be achieved through multiple avenues. Traditionally, education on reserves is funded through transfer payments from the federal government. However, there is strong evidence that this funding is inadequate and there is a need for improved legislation on First Nations education, yet action on this policy has been delayed (Indigenous and Northern Affairs 2015).<sup>11</sup> Several First Nations have introduced new systems of governance through taxation to create opportunities for government investment. Whitecap, for example, introduced a real property tax on their traditional territory to generate funds for government/AEDC investments that has included training programs for members. The *First Nation Fiscal Management Act* and *First Nation Land Management Act* enable Aboriginal governments to maintain control of their territory and generate a stable stream of revenue where appropriate local policies are implemented (Aboriginal Affairs and Northern Development 2013; 2015a).

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<sup>11</sup> A recent change in government is expected to lead to a new approach to First Nation education on issues of funding and consultation (Mas 2015).

### *Increased funding for economic development*

Several research participants suggested that the federal transfer payments earmarked for economic development do not provide sufficient resources to invest in meaningful projects. Whitecap, for example, stated that they received approximately \$38,000 for economic development, which does not increase according to population growth or activity. This level of funding is not only insufficient to invest in a prospective business opportunity, but it does not cover the costs of economic development personnel. Without the ability to hire the capacity needed in managerial positions, an AEDC will likely lack the leadership required to make positive business decisions while remaining attentive to social concerns. Research for this thesis demonstrated that there are alternative sources of funding, separate from the federal government, that could benefit First Nations. Coates (2015) and Coates and Crowley (2013) outline the role provincial resource revenue agreements and corporate impact-benefit agreements may have as alternative, innovative funding models. These funding arrangements were recommended by the Truth and Reconciliation Commission (2015) as a means of repairing relationships with First Nations and creating opportunity.

While funding may not be a concern for financially strong groups, such as those presented in the case studies, it is a significant barrier to those hoping to engage in more rigorous development. Interviewees stated that without significant financial capital, economic development would be difficult to pursue. Several explained that increased financial transfers or alternative funding sources could overcome the geographic or political barriers AEDCs face. Allowing First Nations economic development to accelerate, will reduce the costs of underdevelopment to the broader Canadian economy. This incentivizes greater investment from the federal government to increase access to financial capital.

Despite the limited timeframe for business development, Aboriginal entrepreneurship has accelerated at a rate much faster than that experienced in the rest of Canada. Where the appropriate investments have been made, Aboriginal governments have harnessed this entrepreneurship to advance community development policies through AEDC-led economic development. A key example of such an investment would be the agreement reached between ERFN and Cameco that led to the creation of Des Nedhe. In the absence of existing 'own source revenue' systems, such as local taxation or a corporate Impact Benefit Agreement, many First Nations rely on transfer payments from the federal government to fund various initiatives.

Ensuring those seeking to engage in economic development have the appropriate resources and tools, will compensate for geographic restrictions, infrastructure gaps, and limited financial assets. As exemplified by the Des Nedhe and RDI cases, some of these challenges can be bypassed when operating remotely from a reserve if sufficient financial resources are in place.

### *Investment in infrastructure in all Canadian communities*

There has been considerable investment in Canada's infrastructure over the previous two centuries to provide employment and build a nation (Tomblin 1995). The same investments have not been made by the federal government on First Nation reserves, creating a significant gap among Indigenous communities. Weis and Cobb (2008) outline the impact of inadequate infrastructure on remote communities creating concern for energy access, limited transportation, and health risks. The absence of basic features like roads, highways, and ports prevents some business development as it inhibits their ability to transport goods to distant markets. This was identified as a significant concern by the Canadian Council for Aboriginal Business (2011) as many AEDCs are located in remote or northern locations and must contend with shortcomings in local infrastructure.

Two of the case studies are located in northern/remote parts of Saskatchewan, while Whitecap is located very close to Saskatoon. This geographic disadvantage is overcome by separating the AEDC from the community it serves. Both Des Nedhe and RDI are located in the Saskatoon area, more than three hours outside their member communities, to gain better access to their primary markets. A study conducted by the Canadian Council of Aboriginal Business (2013: 11) in Ontario showed that while the majority of AEDCs focus their operations locally, many target broader markets with 15% operating internationally. Increasing the ability of AEDCs to access broader markets will allow the entrance of new money instead of funds circulating within the community. One of the prominent promises of the new federal government, elected in October 2015, was increased spending on infrastructure as a strategy to combat the current recession (Liberal Party of Canada 2015). This reflected a commitment to engage in nation-to-nation development that included First Nations in the Canadian economy. It is unclear whether this commitment will materialize into direct impact on First Nations communities in the form of increased funding or nation-building policies. Emerging AEDCs

could follow the examples made by ERFN and MLTC by establishing an economic development agency in a more strategic location.

### *Consideration of First Nation views on accountability regulations*

In several sections of this thesis, the *First Nations Financial Transparency Act* has been discussed in the context of co-operative policy making between federal and Aboriginal governments. There is evidence that First Nations governments oppose the legislation, viewing it as an unfair disclosure of private documents under the threat of reduced transfer payments (APTN 2011; Mas 2014). Several First Nation leaders identified issues with the legislation calling for a revised version, similar to a document presented in 2010 (Bell 2014). WDFN Chief Darcy Bear provided several suggestions that would maintain the interests of First Nations and prevent an information asymmetry in potential partnerships. These suggestions included only requiring Aboriginal governments to make their federal transfer payments public (in place of all revenue) and limit access to documents to the Nation's membership and federal government (as opposed to the public). Each of the case study communities have superior reporting mechanisms in place to ensure accountability to their membership. Existing Aboriginal accountability processes are not reflected in the *First Nations Financial Transparency Act* and it therefore undermines Aboriginal communities' independent ability to report to the Nation's membership.

The *First Nations Financial Transparency Act* is remnant of prolonged paternalism of the federal government's control over First Nations has resulted in a damaged relationship that is further distressed by un-co-operative policy making (Coates 2008; Gallagher 2012). The means to repair this relationship requires significant investment in Aboriginal-non-Aboriginal relations through consultation and inclusive policies. Erosion of the *Indian Act* and political and economic empowerment of Aboriginal peoples has created an opportunity to repair these relations for the betterment of all Canadians (Coates 2008). Addressing issues surrounding quality of life through appropriately accountable processes is critical to improve socioeconomic outcomes and reduce the costs of underdevelopment.

### *Build strong relationships among governments*

The findings of the Truth and Reconciliation Commission (2015) drew the public's attention to a strained relationship between Aboriginal and federal governments. Residential

schools made an impact on Aboriginal Canadians that has lasted for generations. Calls for action echoed the recommendations of the RCAP (1996) that was released 20 years ago. To say nothing has changed in the past two decades would be untrue as there are myriad policies that have aided the empowerment of Aboriginal governments as they have surged forward into the business world. The success of First Nations governments will likely continue into the future as leaders capitalize on key opportunities in forming meaningful relationships for the betterment of Canada. However, this success will not be equitably distributed across the country as geographic realities will create barriers to development and constrain progress. Increased investment in the infrastructure and capacity on First Nations territory will, at least, ensure people have the necessary means to advance strategic community initiatives in an attempt to improve their quality of life.

There is a significant role for Canada's corporate sector to play in creating an inclusive environment for First Nations. It is on Indigenous territory that the corporate sector operates and there is significant opportunity to form meaningful partnerships that mutually benefit First Nations and corporations. The Truth and Reconciliation Commission's (2015: 10) 92<sup>nd</sup> recommendation calls for the corporate sector to adopt the *United Nations Declaration on the Rights of Indigenous Peoples* providing education, training, and equal access to opportunities to Aboriginal people. This may be rooted in impact-benefit agreements based on treaty rights. Canada's corporate sector has contributed to Aboriginal communities, but this relationship requires greater social responsibility to ensure overall well-being is maximized.

AEDCs have made a significant impact on Aboriginal communities and started to change the way business is done in Canada. The three case studies presented in this thesis provide a glimpse into the economic and political capacity of Aboriginal communities and their ability to shape the dialogue with Canadian governments and the corporate sector. AEDCs have been instrumental in creating economic self-determination as they take a crucial step towards self-government. This process can be accelerated by good policy-making by governments, ensuring the rights of First Nations are maintained and that programs are developed to effectively combat underdevelopment. Further, Aboriginal governments need to ensure the appropriate governance structures are in place to ensure investment and opportunity lead to meaningful development and positive socioeconomic outcomes.

## **List of Acronyms**

AEDC: Aboriginal Economic Development Corporation

CCAB: Canadian Council for Aboriginal Business

ERFN: English River First Nation

IEDC: Inuit Economic Development Corporation

JSGS: Johnson-Shoyama Graduate School

MLTC: Meadow Lake Tribal Council

RCAP: Royal Commission on Aboriginal Peoples

RDI: Resources Development Incorporated

SAMA: Saskatchewan Assessment Management Agency

SCC: Supreme Court of Canada

WDFN: Whitecap Dakota First Nation

# Appendices

## A 1: Letter of Exemption from Research Ethics



**To:** Ken Coates  
International Centre for Northern Governance and Development  
University of Saskatchewan

**Student:** Kyle White

**Date:** June 23, 2015

**Re:** Aboriginal Economic Development Corporation

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Thank you for submitting information about your project as outlined in your email of June 12, 2015. It has been deemed exempt as per **Article 2.1 of the Tri-Council Policy Statement (TCPS): Ethical Conduct for Research Involving Humans, December 2010** that specifies "research may involve interaction with individuals who are not themselves the focus of the research in order to obtain information. Such individuals are not considered participants for the purposes of this Policy. This is distinct from situations where individuals are considered participants because they are themselves the focus of the research."

It should be noted that though your project is exempt of ethics review, your project should be conducted in an ethical manner (i.e. in accordance with the information that you submitted). It should also be noted that any deviation from the original methodology and/or research question should be brought to the attention of the Behavioural Research Ethics Board for further review.

Sincerely,

Vivian Ramsden, Chair  
Behavioural Research Ethics Board  
University of Saskatchewan



## A 2: Interview Questions

### Questions: Aboriginal Economic Development Corporation

#### Background Questions

Q1. Can you provide me with some history of the creation and development of your organization?

*What year was the organization established?*

*What was the process that led to the establishment of the organization?*

*What role did the community play in creating the organization?*

*Who were the key actors that helped establish the organization?*

*Were there any policies that helped shape the organization?*

Q2. Can you describe how your organization is structured?

*What firms does the organization manage?*

*How is the board of directors composed?*

*Are there key management staff?*

*What is the relationship with council?*

*How many people are employed by the organization?*

*Does your organization partner with other businesses? Governments? Others?*

#### Policy Impacts

Q3. What are the key goals of your organization? What is your mandate/mission?

*Are you setting targets for your organization?*

*Is your organization able to meet these goals? What are the enablers/inhibitors?*

*What role has policy had on your organization?*

Q4. Does your organization regularly engage in planning activities?

*Who is included in this process?*

*What items are considered when creating plans?*

*How does federal/provincial legislation impact plans?*

Q5. Given the requirements for First Nation communities to uphold set standards of accountability, can you describe how your organization upholds accountability standards?

*To what organizations/actors do you report?*

*Can you describe the reporting process?*

*Are there any difficulties/opportunities associated with upholding these standards?*

Q6. Can you think of any policy-related challenges or opportunities that your organization has encountered?

*Has there been any issues accessing land? Resources? Financial capital? Employees?*

*Has your organization worked with any other actors to address these challenges or capitalize on these opportunities?*

*Are there any community concerns?  
Are there specific policies your organization has had to contend with?*

## Looking Forward

Q7. Has your organization engaged in planning for long-term sustainability?

*Does your organization have a succession plan in place?  
What do you think about the future of your organization?*

Q8. In your opinion, what policies could be improved at the federal, provincial, or community level?

*Why/how should this policy be changed?  
Who would be involved in the re-shaping of this policy?  
Does you think similar organizations share this opinion?*

Q9. Would you like to receive follow-ups as this project moves forward?

*Receive copy of interview summary, working paper, thesis, and attend a final presentation of the project's results.*

Q10. Are there key documents that you think would benefit this report?

*May include specific policies, business plans, planning documents, etc.*

## A 3: Project Summary



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### **Aboriginal Economic Development Corporations: The Connections between Governance and Effective Community Development**

There are more than 250 AEDCs across Canada working with First Nations, Inuit, and Metis communities to create economic and social opportunities. These organizations are often operated by Band governments and are regulated by Federal legislation. This research project will seek to understand how AEDCs operate within the context of this regulatory environment. The project will hope to identify what strategies that have developed, and if the existing policy regime has been an effective means of achieving accountability, economic development, and the sustainability of these organizations and communities.

Data for this research project will be collected using two research methods. The first, a document analysis, will include a review of the existing regulations on Aboriginal development, relevant policy and planning documents, Aboriginal business plans, and ongoing policy debates. The second, key-informant interviews, will involve discussions with actors engaged in management and operation of AEDCs in Saskatchewan, relevant policy makers, and key experts on Aboriginal economic development.

This methodology has been designed in consultation with the student's thesis committee and the University of Saskatchewan's Research Ethics Board. Participation is voluntary and participants are not obliged to answer any of the research questions and can withdraw at any time. Participation in this project will help inform research about the operation of AEDCs, the impacts they have on their communities, and some of the challenges/opportunities they have encountered. Those that participate in the research project will receive summary reports that outline experiences of other AEDCs in Saskatchewan and a final copy of this thesis.

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## **Data Sources**

Data collected from this research involved human participants from three AEDCs: Whitecap Development Corporation, Des Nedhe Development, and Resources Development Inc. The names of these participants have been intentionally omitted from this thesis but are available upon request with the permission of the participants.